Austria ... Sch. 18	Indonesia .. Rp 2750	Portugal ... Esc 80
Bahrain .. Din 0.650	Italy .... L 1300	S Arabia .. Rls 6.00
Belgium ... BFr 38	Japan Y550	Singapore . S$ 4.10
Canada ... C$2.00	Jordan ... Fils 500	Spain .... Pta 110
Cyprus ... C£0.60	Kuwait ... Fils 500	Sri Lanka ... Rup 30
Denmark .. Dkr 7.25	Lebanon .. L 6.00	Sweden .. Skr 6.50
Egypt .... E£1.00	Luxembourg . LFr 38	Switzerland SFr 2.20
Finland .. Fmk 8.00	Malaysia .. Rm 4.25	Taiwan ... NT $55
France .. FFr. 6.00	Mexico .. Pes. 300	Tunisia .. Din 0.600
Germany . DM 2.20	Morocco .. Dh 6.00	Turkey .... L 270
Greece ..... Dr 70	Netherlands . Fl 2.50	U.A.E. ... Dh 6.50
Hong Kong . HK$ 12	Norway .. Kr. 6.00	U.S.A. $1.50
India .... Rup. 15	Philippines . Pes. 20	

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 29,612 — Tuesday April 30 1985 — D 8523 B

Americans awake from their Vietnam amnesia, Page 4

World news

Robbery at Wells Fargo nets $50m

Four armed thieves ambushed guards at the Wells Fargo depot in New York and escaped with up to $50m in one of the company's armoured trucks.

Although unsure of the total amount stolen, police believe it to be the world's largest robbery. The biggest previous haul was the $30m gold robbery at London's Heathrow airport in November 1983.

Police said the thieves seemed to have knowledge of Wells Fargo procedures, including how to start the specially-designed armoured car, suggesting they might have had inside help.

Summit bomb protest

Three bombs extensively damaged office buildings in Cologne and Düsseldorf. A left-wing group said it planted the devices in protest against this week's seven nation economic summit in Bonn. Page 2

Miners transported

More than 17,000 South African gold miners dismissed after wildcat pay strikes were being transported to their homelands or home countries. Elsewhere in South Africa at least five blacks were killed in renewed rioting in eastern Cape province, including a policeman.

Beirut kidnap foiled

French television journalist Norbert Balit foiled a kidnap attempt in Beirut by shouting until help arrived. Rafiq Shlala, director of Lebanon's national newsagency, was released unharmed after being kidnapped on Saturday.

Shuttle lift off

U.S. space shuttle Challenger blasted off from Cape Canaveral Florida, carrying a seven-man crew, the European space lab, two monkeys and two dozen rats.

Clore settlement

The 5½ year legal battle over the estate of the late Sir Charles Clore, founder of the Sears Holdings retail empire, ended in Jersey with the British tax authorities receiving £67m ($81.4m) of the £123m estate and the remainder going to charity. Page 6

Israelis quit Tyre

Israel pulled its troops out of the southern Lebanese port city of Tyre, withdrawing to a security zone five to eight kilometres deep north of its border. Page 3

Nobel Prize up

The prize money awarded to Nobel laureates will be increased this year by SKr 150,000 ($16,000) to compensate for the declining value of the Swedish currency. In dollar terms the value of awards will remain almost unchanged at $199,000.

Gambling chief out

Sir Edward Lyons, head of Queensland, Australia, Totalisator Agency Board resigned after it was revealed that he had bet more than A$300,000 ($204,000) using the board's credit.

Radio station blast

Gunmen blew up the broadcasting equipment of a state-run Buenos Aires radio station criticised by right-wing politicians for its left-wing tone.

Platini's honour

President François Mitterrand made footballer Michel Platini a member of France's most prestigious order, the Legion of Honour. Platini led France's football team to the European championship last June.

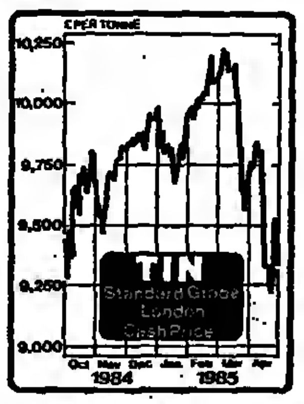
Business summary

Bristow group bids £89m for Westland

WESTLAND, troubled British helicopter manufacturer, made plans to oppose £89m ($109m) consortium bid launched by Alan Bristow, founder of Bristow Helicopter Group. Page 18; Background, Page 7

DOLLAR fell sharply in early New York trading losing about 3 pfg on its European close to about DM 3.08. Dealers were mystified by the dollar's behaviour in thin and nervous trading and amid no significant economic news. It was also weaker in London, falling to DM 3.111 (DM 3.1315), FFr 9.49 (FFr 9.55), SwFr 2.6115 (SwFr 2.6125) and Y252.65 (Y252.8). Page 39

STERLING was firmer in London, rising 1.45 cents against the dollar to $1.23. It also improved to DM 3.83 (DM 3.81), FFr 11.7 (FFr 11.635), SwFr 3.215 (SwFr 3.175) and Y311.0 (Y307.25). The pound's exchange rate index rose to 77.8 from 77.0. Page 39



TIN price fell to a seven-year low of M$ 28.10 a kilo in Kuala Lumpur. In quiet London trading, standard grade cash price was £190 down at £9,335 a tonne. Page 38

GOLD rose $2 on the London bullion market to $323.50. It lost $1.00 in Zurich to finish at $322.25. Page 38

WALL STREET: At 3pm, the Dow Jones industrial average was down 10.94 at 1,264.24. Section III

LONDON stocks continued their neutral stance while interest was shown in gilts. The FT Ordinary share index lost 2.4 to 968.5. Section III

INTERNATIONAL bank lending grew by $55bn in the final quarter as worries about the health of the U.S. banking system subsided. Page 21

ALLIED, the U.S. conglomerate, expects to bid for Hughes Aircraft, the U.S. defence and aerospace contractor that was put up for sale in January. Allied set to buy back shares. Page 19

TDK, the world's leading magnetic tape maker, lifted group net earnings 18 per cent in the three months to February, to Y7.70bn ($30.5m) against Y6.25bn in the corresponding 1984 period. Page 21

SMITHS INDUSTRIES, the former UK car components group, is to pay between £5m–£10m ($6.1m–$12.3m) for the surgical equipment operations of Glaxo Holdings, the UK pharmaceuticals concern. Page 18

BNP, France's biggest nationalised bank, reported a 14.2 per cent increase in group net profits last year to FFr 1.77bn ($185m). Page 29

FIAT AUTOMOVEIS, Brazil's fourth biggest vehicle manufacturer, showed its first profit in 1984 of Cr 9.1bn ($2.9m at year-end exchange rate) after nine years of production. Page 20

XEROX, the diversified U.S. office products group, blamed the continuing strength of the dollar for a 10 per cent earnings decline to $144m in the first quarter against $126m previously. Page 19

TALBOT UK, British subsidiary of French Peugeot group, said profit fell to £727,000 ($887,000) last year from £3.1m in 1983 and warned of a net loss for this year. Page 18

Reagan insists that Bitburg visit will go ahead

PRESIDENT Ronald Reagan insisted last night that there would be no going back on his decision to visit Bitburg military cemetery in West Germany where SS soldiers are among the buried, write Roger Matthews and John Wyles in London.

He said he could understand the strong feelings that his planned visit next Sunday had aroused but behind it lay the desire to recognise that in the 40 years since the end of the second world war "we have become the close friends that we are."

"Never again must we be enemies," Mr Reagan said. "Never again must there be a holocaust." West Germany now enjoyed the most democratic government in its history and was a principal ally in Nato. "We are seeking to recognise this," the President said.

In the course of a live televised interview with six journalists before setting out on his European visit, President Reagan also admitted, however, that perhaps there had been mistakes. But he went on to accuse the American press of "not being fair" and pursuing the issue "like a dog with a bone."

President Reagan said that he knew all about "the bad things that happened in the war," including the massacre of 642 people by some of the 33 troops buried in Bitburg, but he added that a lot of those men in the cemetery "had long since met the supreme judge."

Mr Reagan said he was not going to the cemetery to honour anyone but rather in those surroundings to bring home more visibly what had happened and the reconciliation that had since taken place.

On the star wars issue President Reagan stressed that all that was being undertaken was research to discover if there was a defensive weapon capable of reducing the threat of a nuclear attack. He claimed that the Soviet Union was already engaged in such a programme and pledged that the U.S. would never deploy such weapons without first consulting its allies.

He said that the U.S. fully supported the UK and France going ahead with their own nuclear defence systems.

Asked about relations with the Soviet Union and the arms control negotiations in Geneva, Mr Reagan appeared enthusiastic about meeting the new Soviet leader, Mr Mikhail Gorbachev. "You only get into trouble when you are talking about each other rather than talking to each other," said the President in one of his characteristically folksy observations.

He denied that he had been put on the defensive by Mr Gorbachev's public offer last Friday to negotiate deep cuts in the superpowers' strategic weapons. Mr Reagan said he would not defend himself against any such proposal since this was what the US wanted too. "We have faced them with proposals that have made this evident," said the President in an apparent reference to a U.S. initiative at the Geneva arms negotiations.

Mr Reagan revealed the depth of his disappointment at his failure last week to persuade the House of Representatives to release $14m of aid for the "contras" fighting a guerrilla war against the Nicaraguan Sandinista government.

Opponents of his proposals, he implied, were ready to accept a Marxist-Leninist government on the American mainland. He presented the contras, not as supporters of the Somoza regime deposed by the revolution, but as a revolutionary faction forced out of the country by a Sandinista takeover.

The U.S. under President Carter, had supported the original revolution and had provided more financial aid immediately after the overthrow of President Somoza than had been given to Nicaragua in the previous 40 years. But the Sandinistas had eliminated all other factions introduced a Marxist-Leninist government and "violated all their promises to the OAS" (the Organisation of American States).

Bonn tries to limit damage, Page 18

GROWTH OF 2.5 PER CENT PREDICTED

Institutes' call to speed tax cuts embarrasses Bonn ahead of summit

BY RUPERT CORNWELL IN BONN

WEST GERMANY'S five leading economic institutes yesterday forecast record trade and current account surpluses for 1985 and called for faster tax cuts to speed economic growth.

The timing of the recommendation, on the eve of the Western economic summit, is as awkward for Bonn as its substance. Both the Government and the Bundesbank have so far resisted all such suggestions arguing that the present strategy of favouring investment and promoting private enterprise offers the best chance of sustained expansion.

But the call from the institutes, in their annual joint spring assessment of Western Europe's most powerful economy, will not only fuel the domestic campaign already underway for the Government to take stronger action to bring down unemployment, now at around 2.5m.

It could also provide ammunition for West Germany's partners, notably the U.S., who could press Bonn during the seven-nation summit to do more to underpin world economic recovery now that the long boom in the U.S. seems to be petering out.

The basic thesis of the institutes – from Hamburg, Essen, Kiel, Munich and Berlin – is that in 1985, the third year of the current upswing, West Germany will manage growth of just 2.5 per cent, which in the circumstances is not good enough.

The forecast itself is in line with those already made by the German government and others. But the institutes maintain in contrast to official optimism on the subject, that unemployment will not fall but rise slightly on average this year, to 2.28m, against the official forecast of 2.25m.

Moreover, although private investment at home is set to grow by up to 7 per cent in real terms, the real thrust behind the economy will remain foreign demand, helped by an undervalued D-Mark. This is despite the expectation of the institutes that the dollar will later this year drop to somewhere beneath DM 3.00, and that the D-Mark may well be revalued upwards as part of an EEC currency realignment.

The report predicts that German exports might grow by 9 per cent this year, and that the trade surplus could reach an unprecedented DM 75bn ($24bn), against DM 54bn in 1984. The current account surplus is expected to double, to between DM 30bn and DM 35bn.

The latest figures released yesterday by the Federal Statistics Office support this belief. The trade surplus soared in March to DM 6.37bn, up from DM 4.54bn in the same month of 1984, while the current account was DM 2.7bn in the black, compared with only DM 1.9bn in March 1984.

The key demand of the report is that the Government bring forward by two years the second stage of the planned tax cuts from 1988, so that the entire DM 20bn package be executed at once next year.

Four of the five institutes feel that this cut in tax income should be matched by a corresponding reduction in state subsidies, to prevent too sharp an increase in the budget deficit. But the fifth, from Berlin, reckons that Bonn should go ahead regardless, for fear of prompting a drop in public sector investment outlays.

Last night, the Finance Ministry, with one eye clearly on the summit, repeated its opposition to any change in the timing or size of the tax cuts. It added that extra transfers Bonn is due to make to the Community from 1986 further limited the scope for new budgetary concessions.

The institutes expect inflation to remain at around the current level of 2.5 per cent in 1985, and that the federal borrowing requirement will decline to DM 29bn from DM 41bn in 1984.

They identify as extra impediments to growth the excessive level of social security and other charges to be met by employers – which can mean that every DM 1 of salary costs a company DM 1.80 – and the protracted crisis in the building sector. Investment in the construction industry is set to drop 3 per cent in 1985 after 1.9 per cent growth in 1984.

Baker says U.S. sticks to 4% growth target

BY REGINALD DALE, U.S. EDITOR, IN WASHINGTON

MR JAMES BAKER, the U.S. Treasury Secretary, yesterday said that the Administration was still sticking to its target of 4 per cent economic growth this year, despite disappointingly low figures for the first quarter.

In an advance briefing on the seven-nation world economic summit that opens in Bonn on Thursday, Mr Baker also insisted that the U.S. had not changed its policy of intervening in foreign exchange markets "only to deal with disorderly markets." He singled out Japan and West Germany as the two leading countries that should "take up the slack" as U.S. economic growth moderated.

The 1.3 per cent U.S. growth rate in the first quarter showed that the American economy was "not in good health," Mr Baker conceded. He added, however, that growth may have been "slanted downwards" by the tighter monetary policy operated by the Federal Reserve Board from June to November last year, among other factors.

Mr Baker said that there was "some room for additional growth" in the West German and Japanese economies and that the U.S would urge the two countries to follow expansionary policies at the summit.

The other countries should take up the slack by fiscal and other "responsible" measures that did not reignite inflation, not by "pump-priming" Mr Baker said. The U.S. was not trying to dictate specific targets to other governments but generally urging them to eliminate "structural rigidities" and introduce market-orientated, non-inflationary policies, he said.

Mr Baker said that he would tell his summit partners that while the dollar was strong, it was not overvalued. Although the U.S. had recently intervened more extensively than in the past in the exchange markets, that did not mean that its policy had changed since January, when ministers from the group of five leading industrial countries agreed to undertake co-ordinated intervention "as necessary" he said.

"I don't think the policy changed in January and, if it did, we changed it back," Mr Baker said. The U.S. still questioned the effectiveness of intervention, given the vast amounts of dollars traded on the free market, he said.

As for France's proposals for reform of the international monetary system, Mr Baker said that the U.S. was not thinking in terms of "another Bretton Woods" monetary conference. Washington had proposed discussions among the industrial countries to build political support for any moves that might be agreed to "treat weaknesses" in the present system, he said.

He again rejected any link between the French desire for monetary reform and U.S. insistence that a date be set in Bonn for the opening of a new round of international trade talks.

On the home front, Mr Baker said that he remained very hopeful that the Administration could achieve a "substantial" reduction in the U.S. budget deficit, on the spending side, this year. A first Senate vote on President Ronald Reagan's budget proposals for fiscal 1986 was set for today.

Arco cuts back in effort to save $500m a year

By William Hall in New York

ATLANTIC Richfield (Arco), the sixth biggest U.S. oil company, is to spend $4bn buying back close to a third of its shares and has announced a major cutback in the size of its business in an attempt to cut costs by $500m a year.

The move comes against a background of increasing pessimism within the U.S. oil business about the future course of oil prices and chronic overcapacity in several parts of the industry's downstream refining and marketing operations, which has severely depressed profitability.

The U.S. oil business has been undergoing a big restructuring over the last 18 months as corporate raiders, led by Mr T. Boone Pickens, the Texas oilman, have attacked the more vulnerable companies. He has justified his actions by arguing that U.S. oil companies were wasting shareholders' money by investing huge sums in a depressed industry.

Several large U.S. oil companies, including Exxon and Amoco, have been using part of their huge cash flows to repurchase their shares. But Atlantic Richfield is the first U.S. oil major to announce a voluntary restructuring of its business, including the sale of parts of the business which have long been regarded as essential equipment for an integrated oil company.

Last August, Atlantic Richfield gave a hint of what was to come when it announced a $785m write-off covering a planned withdrawal from its mining and metals operations and the repurchase of 25m of its shares. Its latest restructuring is far more wide-ranging. The main elements are:

- The company is taking a $1.3bn charge for anticipated losses on the sale of certain assets, the write-down of some of its remaining assets, including some exploration properties and the Houston refining/petrochemical complex, plus the one-time cost of staff reductions. This includes an orderly withdrawal from petroleum refining and marketing operations east of the Mississippi river.
- Capital spending will be cut to $2.8bn in 1986 from a budgeted $3.6bn in 1985. The company will also cut its oil exploration programme.
- A one-third increase in the quarterly dividend rate to $1 per share. The company has already spent about $1bn buying back 25m of its shares and has authorised the spending of an additional $4bn.
- The company estimates that the

Continued on Page 18

Saudi bank clears the way for $10bn Philippine debt rescue

BY PETER MONTAGNON IN LONDON AND CHRIS SHERWELL IN BANGKOK

THE LONG-DELAYED $10bn debt rescue package for the Philippines is set for completion later this month following the withdrawal over the weekend of objections raised by one large creditor, National Commercial Bank of Saudi Arabia.

Mr Cesar Virata, Prime Minister, announced in Bangkok last night that agreement had been reached with the Saudi bank on the basis for its participation. This will allow the whole package to be signed in the week of May 20 said Mr Virata, who is attending the Asian Development Bank annual meeting.

The end of the dispute with the Saudi bank is widely seen in the banking community as a final breakthrough in the Philippines' 20-month old rescheduling negotiations, which have been continually dogged by controversy. National Commercial Bank had been resolute in its refusal to subscribe to a $925m credit being sought by the Philippines as part of the deal.

Sr Cesar Virata

"We have now secured substantially a 100 per cent participation in a totally acceptable way with all banks concerned," said Mr David Pflug, senior executive of Manufacturers Hanover who chairs the banks' negotiating committee with the Philippines.

The package includes a $3bn short term trade finance facility and the rescheduling of nearly $6bn in debt falling due up till the end of 1986 as well as the $925m fresh money credit to be provided by all the country's 480 bank creditors.

The Philippines, with total debts of $25bn, will be able to draw on the new money in June, which will in turn allow it to eliminate all arrears to bank creditors now running at between $150m and $200m.

As part of the agreement with the National Commercial Bank its share in the new money loan is to be cut to less than $10m from an originally estimated $12m. This follows a fresh examination by the Central Bank in Manila of National Commercial's loan exposure to the Philippines on which its share of the loan is calculated.

At the same time the legal documents covering the trade facility are to be amended, effectively giving the Saudi bank a right of veto over any request by the Philippines to extend the maturity of the trade finance facility beyond December 1986.

Meanwhile the Philippines is also now working to resolve another problem that had threatened to delay signing of the rescheduling package.

BIS report, Page 21

CONTENTS

EUROPEAN NEWS

Greek bank warning on economy

By Andriana Ierodiaconou in Athens

THE GREEK economy showed signs of recovery last year but is suffering from an "unsustainable" trend towards higher levels of foreign borrowing and a stubbornly high current account deficit, according to the Bank of Greece annual report.

This year's report presented a particularly delicate task for Mr Dimitris Chalikias, the central bank governor, and his staff in view of the general election due on June 2. It takes some pains to emphasise that most of Greece's economic tribulations started with the second oil shock of the late 1970s, well before the Socialists came to power in 1981. But it also details what it describes as the "serious" problems facing the economy, particularly that of foreign debt—an issue much exploited by the conservative opposition in criticising the Government's economic performance.

According to the report, Greece's external debts soared from $4.48m at the end of 1978 to $12.35m at the end of last year when the debt service ratio represented 19.1 per cent of earnings from goods and services. The current account deficit ($958m in 1979) stood at $2.18bn in 1984, aggravated by declining earnings from shipping, a dip in net EEC receipts, and increased interest payments due to higher levels of foreign borrowing which mainly goes to finance consumption rather than investments.

On the positive side, the report notes a 2.8 per cent increase in real gross domestic product in 1984 after a period of stagnation. It also lists a decline in inflation and in the rate of increase of unemployment, and a public sector-led increase in investment. The GDP growth is attributed partly to higher agricultural and manufacturing production, along with a boost in exports, and partly to increased public and private consumption.

The Bank concludes that "despite some progress, economic problems remain serious" and cites the most important of these as the continued high rate of inflation (the consumer price index rose by 18.5 per cent last year), high public sector deficits, slack private investment and high current deficits.

Danish trade gap widens

By Hilary Barnes in Copenhagen

DENMARK'S first quarter trade deficit increased to DKr 4.36bn (£315m) from DKr 1.88bn (£136m) last year, according to preliminary official figures. The poor result comes on the heels of criticism by Mr Erik Hoffmeyer, the central bank governor, of the non-Socialist coalition Government's failure to pay enough attention to the balance of payments problem.

He praised the Government's incomes policies, which have halved inflation to about 5½ per cent since 1982, but pointed out that little has been done to rectify the imbalance between savings and investment.

First quarter exports increase by 8.7 per cent to DKr 43.92bn, while imports increased by 14.2 per cent to DKr 48.28bn, according to the trade figures.

Ivo Dawnay charts the Ecu's fluctuating value

Brussels struggles to plan around the dollar

WILD FLUCTUATIONS in the value of the dollar against the European Currency Unit (Ecu) tend to induce schizophrenia in the European Commission's Berlaymont headquarters.

A falling dollar meets with broad approval in most corners of the building, but it casts gloom over the agriculture directorate. A rise, on the other hand, reverses the process.

In Washington last week, M Jacques Delors, Commission president, argued that the level of the U.S. dollar was unsustainable and unjustified by the fundamental strengths and weaknesses of the American economy. The strong dollar has boosted European exports, but it has equally stoked up the U.S. protectionist lobby.

So M Delors and his advisors would like to see a controlled and gradual reduction in its value.

In Brussels, any such decline is viewed with concern by agriculture managers and budget officials. Every cent that the dollar falls adds heavily to the cost of the Common Agricultural Policy (CAP) which now accounts for more than 70 per cent of the total EEC budget.

As most world agricultural commodities are fixed in the dollar, changes have immediate consequences for the costs of EEC export subsidies, the Community finance allocated to bridge the gap between the higher prices paid in Ecu to European farmers and the lower rates paid on the world market.

These subsidies, although cursed by the Ten's trading partners for distorting markets, are the main tool for disposing of surplus stocks, if only to make way for more unsold produce in community stores.

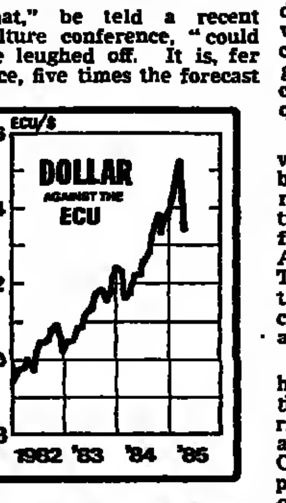
Last year, these aids to exporters accounted for 35 per cent of the total Ecu 18.4bn (£11bn) CAP budget. Forecasts for 1985 project that this will rise to 37.5 per cent of a larger Ecu 20bn budget.

The final outcome, however, depends to a significant extent on the prices to be obtained on world markets and the Ecu/dollar rate. If, for example, dollar-denominated prices remain stable but the dollar itself declines against the Ecu, the Community will be forced to pay more to traders to offload their more expensive produce on third country customers.

Estimates of the effect of changes in the exchange rate vary widely. But a broad rule of thumb suggests that for every percentage point fall in the dollar against the Ecu, farm budget officials need to add between Ecu 70m and Ecu 100m to the year-end bill.

Mr Peter Pooley, deputy director-general for agriculture at the Commission, tends towards the lower figure, costing a 10 per cent fall in the dollar at Ecu 700m on the budget.

"That," he told a recent agriculture conference, "could not be laughed off. It is, for instance, five times the forecast



cost of the price fixing package we are proposing."

Mr Pooley went on, however, to point out that the Commission had calculated a dollar decline into the figures on which the price proposals were based. This crucial exchange rate, upon which the costing of the 1985-86 CAP budget was based, estimated an aggregate of Ecu 1.35 to the dollar for the first six months of the April-March 1985-86 campaign, followed by Ecu 1.25 for the second half.

Last week, this Ecu 1.35 level was breached when the dollar dropped more than 1 percentage point to Ecu 1.33. It has now recovered strongly, but the volatility of the dollar has not gone unnoticed among senior financial officials at the Commission.

When the exchange rate estimate was fixed for Commissioner Frans Andriessen's price proposals in January, the rate was Ecu 1.42—a healthy margin which later peaked at Ecu 1.56. Last week's fall indicates an unpredictability that could cost the Community dearly, and the margins for manoeuvre are narrow.

First, and perhaps most important, any substantial rise in EEC export subsidies has immediate effects on trade, particularly with the U.S. where a simmering cauldron of trade tensions has long threatened to boil over. U.S. hostility to the EEC's export subsidies can only intensify when hard-pressed American farmers cannot reap much export benefit from a falling dollar.

Not least, falls in dollar prices press heavily on European bruises in the sensitive animal feed industry, forcing increased EEC spending to reduce prices of animal and vegetable fats to compete with cheaper U.S. soya and corn gluten, and fuelling internal community lobbies calling for quotas on U.S. imports.

Action against the U.S. is viewed as almost unthinkable, both because of the inevitable retaliation and the ramifications in the renegotiations on farm products in General Agreement on Tariffs and Trade (Gatt). So the only solution would be more subsidy, cost and international disapproval.

A falling dollar does, in fact, have some compensations for the EEC in so far as it raises rival U.S. producers' fertiliser and energy costs, and increases Community earnings from import levies. But these are far outweighed by the disadvantages.

It would also put pressure on EEC budget ministers in their efforts to restrain spending through the imposition of legal controls on the growth of farm costs against overall expenditure. That means the additional expenses would have to be met either by pruning existing farm programmes, a rare occurrence, or attempting to persuade parsimonious finance ministers to dig deeper—move they are pledged to resist.

So far, the Commission expresses public confidence that its estimate of an average rate of Ecu 1.30 to the dollar will prove correct over the next 12 months. But the fluctuations of last week have strongly justified Mr Andriessen's refusal to use his safety margin—the difference between average rates so far and the lower year-end forecast—to finance West German demands for no reductions in cereal prices.

No one will yet venture a bet on the longer-term movements of the Ecu-dollar rate, although everyone in the agriculture directorate is aware that the stakes are high.

As one official put it: "In budgetary terms, the dollar-ecu rate could have an even more important impact on the CAP than the costs of taking-in Spain and Portugal.

Applications swamp social fund

BY IVO DAWNAY IN BRUSSELS

THE EUROPEAN Commission is re-examining guidelines for distributing aid through its Ecu 2bn (£1.2bn) social fund in the light of a six-fold rise in applications from member states.

Unemployment has increased demand for resources to a figure exceeding Ecu 5bn for schemes principally aimed at job creation and training. The lack of EEC finance available means the Commissioners may be forced to tighten the requirements that make projects eligible for support.

Britain looks certain to be the first victim. Last year, it received about Ecu 608m or 32 per cent of the entire social fund allocation, provoking protests from other member states. For the current year, this may drop to Ecu 450m-Ecu 500m.

The final figure for each member state is currently being drawn up by Commission officials following the annual consultations, held last March, with government representatives, employers and unions.

Distribution of advances for the projects accepted, usually begun at the end of March, is having to await a final agreement on the 1985 Community budget—still to be approved by the European Parliament.

Under the fund's rules, applications are examined soley on the basis of their appropriateness and the guidelines laid down, with officials adopting a policy of "blindness" to their national origin.

Swiss cool on monetary reform

By William Dullforce in Geneva

Switzerland is not convinced that a conference on reform of the international monetary system would be useful at present, certainly not if its purpose were to be re-establishment of a régime of fixed exchange rates, M. Pierre Languetin, president of the Swiss National Bank, said in Geneva yesterday.

M Languetin qualified his rejection, however, by adding that any conference which could help to bring about closer convergence of the major nations' economic, fiscal and monetary policies would be welcome.

Such a conference would increase the chances that the new round of trade talks, now backed by most industrial countries, would go beyond "2 rolling back" protectionist barriers, and would decide on a wider liberalisation of world trade.

Uncertainty surrounded the attitude of the U.S. to France's call for talks on monetary reform.

But officials of the group of 10 industrial countries—which Switzerland has now joined as the 11th member—would discuss in Tokyo next month a plan for a more effective multilateral surveillance of monetary policies, M Languetin went on.

In a wide-ranging discussion with foreign correspondents, the central bank president also said:

● It was desirable for the European countries to display greater vigour in their economies, but they should not adopt expansionary policies asked for by the U.S. before they had firmly established an equilibrium between their own fiscal and monetary policies.

● There was no evidence at the moment that the European Currency Unit (Ecu) could play a more important role in currency markets.

● Switzerland's position as a financial centre had not so far been downgraded and the strong situation of Swiss banks compared to that of other banks in the world debt context would influence investors in their favour.

● The slightly faster rise in Swiss consumer prices since the beginning of the year was not alarming and corrective measures already appeared to be taking effect.

● The national bank was sticking to a restrictive policy, having set a target of a 3 per cent rise in the monetary base for 1985.

There had been some increase in short-term rates but there was no indication that bank policy would push up Swiss capital market interest rates, which were more open to external influences.

Industry hails tax changes in Austria

Austrian industry has welcomed the tax reforms announced last week and wants more changes to increase capital ratios, writes Patrick Blum in Vienna. Double taxation of the income of manufacturing companies will effectively cease from next January. Companies will also be encouraged under the new rules to issue shares through tax concessions to investors buying new shares.

Eta bombs threaten tourism in Spain

By David White in Madrid

HOTELIERS IN Spanish Mediterranean resorts are seriously concerned about the impact on the country's $7bn-a-year tourist business of threats by Basque terrorists to carry out a "sabotage" campaign on the coast this summer.

Fears were heightened yesterday by the first series of bomb alarms, which turned out to be false. The Interior Ministry said the threats, made in the name of the hardline Eta-Militar organisation, were being taken seriously. But neither the Ministry nor the police would comment on possible special security measures in holiday centres.

It would be the first time for five years that Basque terrorists have decided to hit Mediterranean beach areas.

An hotel manager in Torremolinos said he feared for a repeat of 1980, when a bomb campaign contributed to what he described as the worst season for the last 10 years. However, tourist trade representatives said it was too early to measure the impact in terms of possible cancellations.

The three false alarms were at hotels in Alicanla and Jevea, both of which were targets of attacks by Eta's Politico-Militar faction in June 1980, and in Valencia.

The terrorism scare comes after a sharp drop so far this year in Spanish bookings from the UK, which last year provided Spain with 6m visitors. The drop is mainly ascribed to prices, following a fall in the value of sterling against the peseta, but the situation has been aggravated by publicity about crime levels in Spanish resorts.

Spanish authorities have already announced plans to step up summer police reinforcements in tourist centres.

Sr Felix Arahelo, vice president of the Tourist Trade Council, said he was sure there would be special measures in response to the threatened bombings. However, he added that the bomb campaigns of 1979 and 1980, which caused panic in the sector, had nothing like the negative impact that was feared at the outset.

A tourist official at Benidorm, Spain's busiest resort, said the threats were "always worrying" but that the cost of holidays was a more important factor than the bad image caused by crime and terrorism. He said the decline in British bookings was "a little preoccupying" but that, because of the discounts offered by British tour operators, many British holidaymakers were expected to leave their reservations to the last minute. In any case, he said, Benidorm could fill the gap with tours from Italy and Portugal.

Malta dispute over church schools settled

By Godfrey Grima in Valetta

FREE EDUCATION will be introduced in Malta's Roman Catholic schools over a three-year period ending in 1988 under an agreement reached over the weekend between the Vatican and the Maltese Government.

The accord attempts to satisfy the complex issues raised by the government of Dr Carmelo Mifsud Bonnici, the Church and parents throughout a year of acrimonious disputes sparked off by government demands for an end to the fees system.

The schools will retain their identity and remain autonomous which means there will be no state interference in the subjects they teach.

The Government has won the right to introduce a common entrance examination for enrolment in both church and state schools. Parents, however, will be able to indicate the school of their choice for their children.

A joint commission will determine the contributions which Church and state will make to the upkeep of church schools wherever necessary. The Commission will first assess the Church's property holdings and advise on their best use in order to raise money for the schools.

Staff oppose politician as Le Matin editor

BY DAVID HOUSEGO IN PARIS

ELECTORAL POLITICS have cast their shadow over the French Press with a battle between journalists and the proprietors at Le Matin, the pro-Left daily newspaper, over the nomination of M Max Gallo, the former government spokesman, as editor-in-chief.

About a dozen of its most senior journalists resigned over the weekend in protest at what they consider an attempted political takeover in advance of next March's parliamentary elections. M Gallo was government spokesman until last summer, and though an author and commentator of distinction, is still a Socialist MEP in the European Parliament.

Confirmation of his appointment came paradoxically during a weekend when President Francois Mitterrand was seeking to rid himself of the label of political partisanship. During a two-hour television broadcast on Sunday he presented himself under almost neutral political colours as a leader who was up to date with the latest slang, knew of the existence of the 35,000 pop groups now playing in France, and owned a personal computer.

The opposition dismissed the broadcast in which M Mitterrand commented on video clips, current events, youth and theatre as "showmanship." His supporters and much of the Press acclaimed it as a largely successful attempt to remodel his image at a time when he still has the lowest ratings in the public opinion polls of any President of the Fifth Republic.

In contrast to this apolitical approach, the parachuting of M Gallo into the editor's seat at Le Matin appears to be part of a concerted effort by the Socialists to secure bastions in the TV and Press in advance of the elections.

The appointment of M Jean-Claude Heberle a long time travelling companion of the President to head one of the state TV networks was also followed recently by the resignation of the editor-in-chief of its news programmes and of its most famous news presenter. Antenne 2's evening news journal from being the best news programme, has lost its punch in recent weeks.

There were also unconfirmed reports over the weekend that M Jean Riboud, the head of Schlumberger and a friend of M Mitterrand, might take control of the pay-TV channel Canal Plus which would be run as a commercial network. The Socialists are anxious to have at least one private network within their orbit against the day that the Right returns to power in France.

The unexpected nomination of M Gallo was made by M Max Theret, a former director of the FNAC chain of consumer electronics shops, who bought the newspaper a few months ago backed by teacher organisations. Le Matin's staff was angry both that the newspaper might become a mouthpiece of the Government and that the appointment was made without any consultation with the editorial team.

M Theret's problem is that Le Matin needs about FFr 20m (£1.7m) a year to cover its lossses. He apparently considers that he is more likely to obtain the necessary loans from the nationalised banking sector with M Gallo at the helm than with another editor in chief less influential at the Elysee.

British Rail shuts Channel crossing gate on TGV

BY PAUL BETTS IN PARIS

BRITISH RAIL is opposing French proposals to include a high speed train service between London and Paris using the French "train à grande vitesse" (TGV) technology in any fixed cross-Channel link.

France has been putting pressure on Britain during negotiations on the Channel scheme to consider a TGV link which could eventually reduce the journey between the capitals to barely two hours. The French Government has for some time been making a major international marketing effort for its TGV system.

Mr Robert Reid, chairman of British Rail, made it clear here yesterday that it was not in British Rail's interest to see a French TGV service run between Paris and London. BR could not be expected to give France a monopoly of the cross-Channel fixed link and "give the TGV a free run into Waterloo Station."

He told a seminar organised by the Franco-British Chamber of Commerce in Paris that he favoured the fixed link because it would create employment and give a better service to customers. BR was "totally dedicated" to a private cross-Channel scheme which included a rail link, however, it was anxious to have a direct interest and participation in any high speed train technology involved.

It believed that by the time the Channel link is completed (if the project is given the go-ahead next year), the French TGV technology may be outdated and that Britain's own high speed locomotive should be on the rails.

With a fixed cross-Channel link, the conventional train journey is expected to take about 4 hours and 20 minutes between Paris and London. If France goes ahead with a high speed train service between Paris and Calais, the journey between the capitals could be cut to about 3 hours and 20 minutes.

Mr David Williams, British Rail's international marketing director, argued yesterday that it was "politically unacceptable" to build a high-speed track between London and the Channel coast at present. If such a proposal were made, it could threaten to put back the proposed construction of a Channel link "for 20 to 30 years."

The two governments have set out a full list of requirements which promoters of cross-Channel schemes will have to meet. A deadline of the end of October has given for schemes to be submitted and a winner should be chosen by the end of this year or early next.

Renewal of Warsaw Pact denounced by Albania

BY OUR VIENNA CORRESPONDENT

IN SHARP contrast to the self-congratulation that has greeted the renewal of the Warsaw Pact treaty from every other East European country, Albania denounced the move yesterday, comparing the Pact to Nato and describing it as an instrument of Soviet domination.

The Tirana daily newspaper Zeri I Popullit said the renewal was "an act that runs counter to the interests of the peoples of the member countries as well as to the interests of other European peoples, and peace, security and the real lowering of tension in our continent."

The Warsaw Pact had become an instrument of Soviet policy designed to enforce its own interests. It was a centre of "attacks and aggression against the sovereignty and independence of all the European peoples, just like the other military bloc, Nato."

The Warsaw Pact's intervention in Czechoslovakia in 1968 was "a vivid and very significant proof of the aggressive character of this treaty," and vindicated Albania's decision to withdraw from the Pact

Role for satellites in information services

BY RAYMOND SNODDY IN LONDON

AT LEAST 20 new information services could be delivered by satellite to homes and business in the 1990s according to two studies carried out for the European Space Agency (ESA).

They suggest, the ESA believes, that information dissemination could be a "future driver in the field of European satellite communications."

One study by IFC Research suggests that video communications by satellite for large companies and governments could be a major market opportunity.

Such private broadcasting, particularly for training, could be cheaper than physically distributing large numbers of video tapes, the study found.

IFC believes that it would need only about 30 large organisations to take an hour a week to justify the use of a single transponder, the device on the satellite which receives the picture and beams it back to earth.

The second study by GTS suggests the main new service that satellites could bring will be electronic delivery of newspapers direct to the home by the late 1990s.

This would enable consumers to select different pages from a number of newspapers. Such a service would, however, depend according to Mr Alan Naylor, a senior consultant with GTS, on the development of a high-quality printer at a price consumers would pay.

The studies were called for by the ESA to assess the possible market for new information services distributed direct by satellite. The space agency also wanted to know which services should be tested on the large multipurpose Olympus demonstration satellite to be launched in autumn 1987.

The findings of both studies will be presented today at the Royal Aeronautical Society in London.

Apart from internal company communications the IFC study sees a market for evangelical broadcasting, increased dispersal of printing sites for newspapers and detailed graphic local weather forecasts for farmers covering areas as small as five square kilometers.

IFC also calls for the setting up of a European Cultural Satellite Consortium to distribute educational and cultural programmes by satellite.

The ESA says it might be prepared to provide free use of the Olympus project, which groups eight nations including Britain, Italy, Canada and Spain, for tests and demonstrations of new services.

The GTS study, however, is cautious about what can be achieved under the present regulatory framework.

Communist youth press for reforms

By Christopher Bobinski

THE Polish Communist Youth Movement (ZSMP) urged at its congress which ended yesterday that reforms be speeded up to decentralise the economy.

The reform began to come in three years ago but it is still some way from making a decisive impact on economic performance. In the meantime the government is strengthening its control over decision making at the company level.

Mr Jerzy Szmajdzinski the leader of the 2m strong youth movement warned the congress that "the traditional management structures are re-emerging. Multi-billion zloty subsidies continue to be paid out, leaving little incentive to cut waste, and wages are too rarely linked to productivity."

The speech echoed a ZSMP assessment of the way the reform was being implemented, which drew attention to the fact that "little change has been affected in the activities of the central government administration."

● Poland's ruling Communist Party made a strong personal attack on Solidarity leader Lech Walesa yesterday as the country prepared for rival May Day demonstrations by supporters of the banned free trade union and the Government, Reuter reports from Warsaw.

The official press urged workers to ignore appeals by the Solidarity underground for protests

Dutch shipbuilding orders top Fl 2bn

BY LAURA RAUN IN AMSTERDAM

THE ORDER book for the Dutch shipbuilding industry jumped above Fl 2bn ($569.8m) in the first quarter, the highest level in two years, according to the Netherlands Association of Shipbuilders.

The buoyant order book of Fl 2.04bn, however, appears to be a one-off surge resulting from incidental factors and actually masks fundamental problems in the industry. The 9 per cent spurt from the Fl 1.86bn portfolio in the previous quarter was attributed to sharply fewer deliveries during the harsh winter and to an influx of orders connected with a new government licensing regulation.

The Agriculture and Fisheries Ministry announced at the end of December that only fishing vessels with "certificates of soundness" would be allowed to catch fish under European Community quotas after February 1.

To avoid a rush of orders for new boats, the ministry said it would license only those vessels for which an investment commitment had been made before December 28. Apparently in anticipation of the ministry move, fishermen ordered about 20 new boats, most of them in the final quarter of 1984.

The Dutch shipbuilding industry, nevertheless, continues to suffer from a shakeout that has seen the demise of numerous companies and the loss of thousands of jobs over the past two decades. Shrinking world demand and the Netherlands' comparatively high wages have shrunk the country's share of global shipbuilding to 1.3 per cent from 8 per cent in 1960.

The most recent casualty was Amsterdam drydock, the capital's largest shipbuilding concern, which was declared bankrupt at the end of February. The trustees of Amsterdam drydock plus the trade unions and the Government agreed to try to create a new, much smaller company from the ashes of the old one but the outcome is not clear.

The Economics Ministry, meanwhile, has promised only Fl 54.5m in generic aid to shipbuilders for 1985–86, after which state assistance has been forbidden by the EEC. The shipbuilding industry had said that Fl 82m was necessary to preserve current shipbuilding capacity and jobs.

Van der Giessen-de Noord, one of the two largest shipyards, recently said it would dismiss 1,200 of its 2,000 workers because it was to receive less state aid over the next two years than requested. Mr van Aardenne said that Van der Giessen would get a separate Fl 45m, apart from the Fl 54.5m to small- and medium-sized shipyards, instead of the Fl 100m sought by Van der Giessen.

Norway may review gas price

BY FAY GJESTER IN OSLO

NORWAY may be under pressure to review the price agreed in 1981 for its share of gas from the Statfjord Field in the North Sea.

Statoil, Norway's state oil company, which is responsible for co-ordinating sales of all Norwegian sector gas, confirmed yesterday it had been approached about Statfjord's gas by the European companies which contracted to buy it.

It would not reveal what the companies want, but said it is "considering" their request.

The Statfjord Field, which straddles the UK-Norwegian sector boundary, has been producing oil since November, 1979. Until now, its associated gas has been re-injected, pending completion of the pipeline systems needed to handle it.

Norway's share will go to Germany via the new Statpipe running-in period of about four months, starting in October.

Industry officials suggest that Statoil's customers could simply be seeking price concessions during the running-in period, when volumes delivered are likely to fluctuate owing to initial technical problems.

Meanwhile, Mr Nicholas Mosar, EEC Energy Commissioner, has urged Norway to be "flexible" about the price and delivery terms for gas from its deep-water Troll Field.

Mr Mosar, who has been talking to Norway's Oil Minister, Mr Kurt Kristiansen, and Mr Thorbjorn Froysnes, Deputy Foreign Minister, said the EEC countries would need to contract for new gas from the mid-1990s.

They hoped Troll would be developed "in a way which will make it possible" for European companies to buy the field's gas.

But the companies would not buy at prices thought too high to be passed on to their customers.

● The Norwegian Government wants the Storting (parliament) to authorise the offer, early next year, of petroleum exploration licences in seven new areas off Norway's coast, all north of the 62nd Parallel.

This is stated in the Oil Ministry's latest exploration policy White Paper.

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Roger Matthews looks at the build-up to Lebanon's latest factional fighting and assesses the future

A predictable tragedy unfolds outside Sidon

THE LATEST Lebanese tragedy unfolding in the suburbs and hills to the east of the port of Sidon was as predictable as it is familiar. It represents the inevitable consequence of a dominant military force being withdrawn without any adequate replaeement to impose order among the country's warring factions.

Israel occupied the Sidon area in ëarly June 1982 as lts troops drove north to Beirut in pursuit of the guerrillas of Mr Yassir Arafat's Palestine Liberation Organisation. Israel succeeded in expelling the majority of PLO fighters from Lebanon bnt it failed totally in its parallel bid to re-establish the anthority of a Christian president over e reunited country.

As the cost of the failure became more apparent in Jerusalem, Israel has pulled back its troops leaving behind apprehensive Christian forces whieh had made territorial gains during the occupation and Moslem, Druze and Palestinians delermined to redress the balance and sometimes to exact bloody revenge.

The fete of communities left without edequate military protection in Lebanon has been all too tragically charted during tho past three years: the hundreds of Palestinian civilians massaered in the Beirut camps of Sabra and Chotilla by Christian militias in the autumn of 1982; and the brutal consequences of the fighting between Druze and Christians in the Cbouf mountains overlooking the capital early in 1983 following the first Israeli pullnut.

Before 1982, Sidon had been an area in which Lebanon's communities lived in relative harmony. But too mueh has happened since then lo allow the sitnation to persist. Israel is being forced to withdraw, principally hecause of the unrelenting attacks by the buoyant Shi'ite Moslems who are the majority in tha south. Syrio has re-emerged as the dominanl external force in north and central Lebanon. The Lebanese Army bas again proved unequal to the demands placed on it and President Amin Gemayel has lost further anthority because of a revolt within his own Christian community.

The effect has heen not de facto "cantonisation" of Lebanon hnt a recipe for further political upbeaval in which the prize is not e single slice of territory but control of the largest part of Lebanon.

President Gemayel has been persuaded thet the best bope for his country and his community is through co-operation with Syria. This view is bitterly opposed by some Christians, foremost amongst them Dr Samir Geageo who last montb moved his militia forces into areas near Sidon in opposition to the President's wishes.

Many thousands of Moslems were forced to leave tbeir bomes and take refuge in the city centre. But with Israel continuing its withdrawal, the tide of battle swung sharply against the Christian militias; the factions opposed to them have not only reoccupied the area from which they hed earlier been driven but may soon threaten the key Christian town of Jezzine.

At one level the fighting can be viewed as yet another chapter in Lebanon's 10-year-old eivil war. Some Lebanese leaders favour more sinister interpretations which inevitably involve Israel. They believe Jerusalem favours, or even has engineered, the large-scale movement of Christians from around Sidon in order to populate the security zone it is establishing

The recent political crisis in Beirut which temporarily prompted the resignation of Mr Rashid Karami, the Prime Minister, was patcbed up not under the banner of moves towards reconciliation hut under joint opposition to any form of continuing Israeli involvement in Lebanon. Part of the Christian community, especially that represented by Dr Geagea, is viewed by many Lebanese as basicaly sympathetie to Israel's aims. It is therefore the natural target for the combination of Moslem, Druze and Palestinians wbich are claiming control of the ereas evacuated by Israel.

It was nearly 10 years ago that the Syrian army first entered Lebanon in order to protect the embattled Christian community. It is to Damascus that it may again heve to look for salvation. However, this time there is a far larger question mark over Syria'a capacity to enforee its will and its desire to become involved any more deeply in a conflict which bas badly burned every foreign hand which bas dipped into it.

Israeli troops evacuate Tyre area

THE ROLL BACK of Israeli troops in Lebanon continned yesterday with the evacuation of the sonthern port of Tyre and a large area to the east, leaving troops in control of a 7-15 km strip of territory north of the border, wrile David Lennon in Tel Aviv and our Middle East Staff in London.

Fighting in the Sidon area evacuated by Israel is not deterring Jerusalem from pressing ahead with its disengagement from Lebanon, scheduled to be completed by the third anniversary of the invasion on June 6.

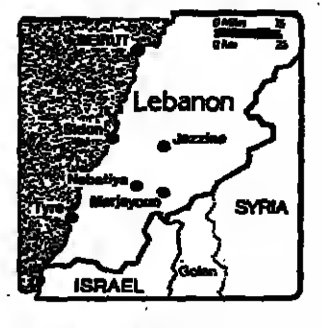
After talks with Syrian leaders in Damascus there were indieations yesterday that Moslem and Druze commanders were seeking to halt the advance cf their forces towards Jezzine, the Christian stronghold east of Sidon. Christian militias and many citizens have taken refuge in the town after being forced out of the Sidon area in an assault by Moslem, Druze and Palestinian forces.

The key to halting the advance on Jezzine appears to rest on talks aimed at securing the withdrawal from the town of the Sonth Lebanon Army, the militia established and financed by Israel.

In Beorut, Mr Nabih Berri, the leader of the Shi-ite Moslem Amal, said he had agreed with Mr Walid Jumblatt, the Druze chieftain, that no attempt would be made to storm Jezzine or to oust its inhabitants.

However, during the recent fighting ahound Sidon there were signs that the Shi'ite and Druze commanders were having difficulty contrelling their men who had been incensed by the early attacks on the Moslem sector of the city by the Christian forces headed hy Dr Shamir Gegea.

Dozens of people have been killed in the sectarian fighting around Sidon, homes and property destroyed. There have also been reports of eivilians being killed at random.



Israel's hand-off attitude to the fighting reflects its disillusion with the Christian community, its former allies. Jerusalem is particularly bitter about the anti-Israel stance of President Aminn Gemayel, who came to power with Israeli help.

Assad attacks U.S. Mideast peace move

BY TONY WALKER IN CAIRO AND ROGER MATTHEWS IN LONDON

PRESIDENT Hafez al-Assad of Syria bes launched a bitter attack on the U.S. in a clear attempt to sabolage the lentative moves by Wasbinglon to involve itself again in Middle East peace efforts.

Presidenl Assad told a banqnet in Damascus on Sunday night lbat the U.S. was only interest in "securing tbe aggressive interesis of its spoiled ally, Israel."

He said tbat it was obvious that the U.S. was not aiming al a jusl solution to the Middle East eonflict or a true peace in the region. "The U.S. policy is based on the strategic allianee with Israel and is responsible both for tbe eonlinualion of the tragedy of our people in Lebanon and for prolonging the suffering of the Pslestine people," be said.

The Syrian leader wenl on to assert thal any peace moves whieh did not include an inlernational peace conference under Unlled Nations auspices would be hostile to Arab inlerests.

His comments came in the wake of a two-week visit to tbe region by Mr Riebard Murpby, the U.S. Assistant Secretary of State, wbo was gauging reaction to the peaee plan put forward by King Hussein of Jordan last November and to the possibility of talks with a joint Jordanian-Palestinian delegation as proposed by President Hosni Mubarak of Egypt.

Mr George Shultz, the U.S. Secretary of State, Is scheduled to vlsil Israel, Jordan and Egypt in the second week of May and the U.S. may then take a decision on whether to become actively inrolved in further peace efforts.

Mr Murphy's lalks concluded in Cairo on Sunday with a U.S. spokesman declariog them "informative and useful." During his visit to Jerusalem, Mr Murpby met Palestinian leaders from the West Bank and Gaza, but there is no indication yet that a lisl of names has emerged acceptable to both tbe U.S. and lhe Paleslinc Liberation Organisation (PLO) for inclusion in a Jordanian-led delegation.

Although members of the PLO, under chairman Mr Yassir Arafat, have been giving slightly contradictory reactions to the Egyptian proposal, they can be in no doubt of Syria's atrong opposition.

The Syrian President declared on Sunday tbat "the policy of the surrenderists was already doomed to failure." His message underlined that Syria—as with the U.S.-sponsored agreements in 1983 between Lebanon and Israel—would seek to wreck any initiative which it felt was opposed lo its own interests.

Sacked S. African gold miners leave

BY JIM JONES IN JOHANNESBURG

FOURTEEN THOUSAND blaek miners yesterday streamed away from Vaal Reefs, South Africa's largest gold mine, as union negotiators argued with management over demands that the secked men be unconditionally reinstated.

The miners, who were sacked at the weekend after a strike at Vaal Reefs south division, have been paid off. Management says they are free to reapply for jobs at the mine.

Union negotiators fear that re-engagement would be selective and that the mine's management could weed out any union organisers who reapply for jobs.

But the manegement says union membership will not be a consideration.

The strike at Vaal Reefs was in protest against the earlier sacking of about 300 union organisers wbo, management says, were intimidating and coercing other workers to down tools or go slow.

At the neighbouring Hartebeestfontein mine, 3,000 men were sacked at the weekend after striking in protest against the dismissal of four nnion organisers. Most of these men were paid off and had left the mine by yesterday afternoon. A spokesman for the mine said that applications for re-employment will be sympathetically eonsidered.

Harlebeestfontein and Vaal Reefs bave begun hiring new men through the recruiting arm of the Chamber of Mines, the employers' co-ordinating body.

It is not clear when the Vaal Reefs south division will return to production, though there are hopes that it will do so within a fortnight.

Meanwhile, men are being sent from other sections of the mine to the south division to carry out necessary safety and maintenance work. Vaal Reefs south division produced 36.6 tonnes of gold last year and has already suffered production losses because of stoppages and go-slows this year.

Japan 'plans to buy 65 F-15 jet fighters'

A NEW Japanese Defence Ministry five-year proposal provides for the purchase of 65 F-15 jet fighters and would boost overall defence spending to the highest level since 1945, a Japanese newspaper elaims, AP-DJ reports from Tokyo.

The nationwide Asahi Shimbun said ministry plans to buy military equipment, including the U.S.-designed jets, would require an estimeted $76-78bn (£62.5-64bn) defence bndget over a five-year period starting in fiscal 1986.

If the proposal is approved, the defence budget during the five-year period will be certain to exceed 1 per cent of the gross national product, a self-imposed limit in effect since 1976, the newspaper said.

Thai gas wells shut

Union Oil of Thailand, a unit of Unocal Corp, has shut down 41 out of 70 production wells drilled in its two new gas fields in the Gulf of Thailand becausa of Thailand's limited ability to absorb additional production, Boonsong K'thana reports from Bangkok.

Satun and Platong, which came onstream earlier this year, are producing at much less than their capacity, a company executive said. The fields, two of the country'a four producing offshore gas fields, are allowed to produce only about 100m cu ft per day (mmcfd) of gas, though their production capacity is over 250 mmcfd. The gas is sold to the state-run Petroleum Authority of Thailand under a long-term contract.

Pakistan aid request

PAKISTAN is to ask the Weslern Aid Consortium for $1.8bn (£1.48bn) commitments for fiscal 1985-86 which starts on July 1 this year, Mohammed Aftod writes from Islamabad. The consortium will meet in Paris on May 5 and 6 and is ehaired by the World Bank. Of the $1.8bn which Pekistan will request for next year, it expects $1.350m for projects and $400m for commodities. It will also need around $50m for food imports, as the wheat barvest is expected to fall short by 15 lo 20 per cent.

ADB shortfall cut as Japan releases $300m

By Chris Sherwell in Bangkok

JAPAN, the biggest government donor to the Asian Development Bank's softlending facility, yesterday announced that it would release its full 1985 contribution of some $300m (£246.7m), thereby sharply distinguishing itself from the U.S. which is now in sizable arrears because of domestic budgetary problems.

The announcement came at a key meeting of the 21 government donors to the ADB, which is Asia's multilateral equivalent of the World Bank. The bank begins its 18th annual board of governor's meeting in Bangkok today.

As e result of the Japanese move, the shortfall in planned lending by the Asian Development Fund, the ADB's soft-loan window, will be reduced by about $150m. Before the meeting only about half of the $800m concessional funds had been contributed.

At least half e dozen other major donors, including Britain, the Netherlands, France and West Germany, will not release their full contributions until the U.S. contributian comes in. This is the subject of a supplementary budget now before Congress.

The 1985 amounts comprise the third tranches of four equal instalments from the 21 countries, totalling $3.2bn and covering the period 1983-1986. No figures for the next period, 1987-90, were discussed at yesterday's meeting although it is known that the ADB is targeting for $5bn in concessional funds and Japan would like to see a sizeablo increase.

To judge by the mood of yesterday's meeting, it is likely that this figure will be watered down, just as tha ADB target of $4.1bn was trimmed the last time round. There is also some irritation that the bank is talking in terms of U.S. dollars rather than something like Special Drawing Rights, particularly as the strong dollar has already affected contributions.

In statements at yesterday's brief and low-key meeting, Mr Masao Jujioka, the ADB President, underlined the seriousness of tho shortfall for the bank's concessional lending.

Reginald Dale reports on the mood in the U.S. on the 10th anniversary of the fall of Saigon

Americans awake from their Vietnam amnesia

THE SCREENS that once brought war to the American living-room are now showing the bitter-sweet fruits of a decade of peace. Americans could go to bed last night with ABC TV's Nightline news magazine and wake up this morning to NBC's breakfast-time Today show, both transmitted direct from Ho Chi Minh City, which ceased to be called Saigon exactly 1 years ago today.

For the past month television viewers and newspaper readers have been overwhelmed by an orgy of reminiscence, post-mortems and predominantly sober soul searching over what is universally regarded as th most traumatic event in American history since the Civil War — the devastating defeat in Vietnam.

For most of the past 10 years, the majority of Americans turned their backs on the harrowing struggle that President Ronald Reagan calls a "noble cause" in a kind of deliberate, collective amnesia. They simply did not want to know any more about the war or those who fought in it. Many still feel that way, but the 10th anniversary of the fall of Saigon—the final, bitter symbol of America's abandonment of the South Vietnamese — is being treated by the media as a moment to break taboos, to re-examine what went wrong and, if possible, to draw lessons for the future.

Many of the questions posed have been among the unanswerable "what ifs?" of history. What if the Americans had adopted a different military strategy, assuming, as many do not, that they had one in the first case? Suppose they had concentrated on sealing off reinforcements from the North, allowing the South Vietnamese to fight the Vietcong on their own territory? What if President Lyndon Johnson had told the whole truth about the war from the beginning?

Retired Gen William Westmoreland, the controversial army commander in Vietnam, told a national TV audience on Sunday that an acceptable peace could have been negotiated in 1968 if the U.S. had followed up on its victory against the Vietcong's Tet offensive with massive air strikes. Tet, widely interpreted at the time as an American defeat, and one of the war's major political turning points, is now seen in retrospect as a major U.S. military victory.

The last days: An American decides who will be flown to safety from the Vietcong

Military analysts now point out that Tet wiped out the cutting edge of the Vietcong, which took 40,000 casualties. The fact that it was taken as a defeat at the time is now usually laid at the door of the U.S. media.

Gen Westmoreland believes that the main reason why the U.S. still lost the war was that it lacked "staying power." It is now more or less all right to say openly that the U.S. "lost" though, as has been constantly recalled in the past few weeks, U.S. forces won every major engagement and were never defeated on the battlefield. But there are still sharply divided opinions over whether the U.S. could have "won" and what would have constituted victory.

Among Vietnam veterans in particular there is still a strong inclination to believe not only that the war was right but that it could have been won. More than two-thirds of those who served in Vietnam told a Washington Post / ABC news poll last month that the U.S. could have prevented the Communist take-over by military means, and three-quarters said the U.S. should have "used more military force."

Fifty-seven per cent of the veterans (and a surprisingly high 41 per cent of the general public) thought that the cause for which 58,000 Americans died, and thousands more were hideously wounded, was "worthwhile." About two-thirds of all Americans, however, still believe that the war as a while was a "mistake."

Most of the veterans interviewed recently, and especially those who fought in the early years, still refuse to believe that their buddies died in vain. The same goes for the countless friends and relatives of those who were killed. Resentment at the politicians for "betraying' 'the military has not subsided.

A similar, if clearly self-serving line, is taken by former President Richard Nixon, in a book out this month called No More Vietnams, in which he argues that he "won the war," but that Congress lacked the will to honour its post-cease-fire commitments to South Vietnam and so "lost the peace."

But many of the analysts and historians who have pronounced this month tended to believe that the war could never have been "won" by any traditional measure—at least in the sense that South Vietnam could have been cleared of the enemy and then left to defend itself. Among many other mistakes, it is now almost unanimously admitted that Washington failed to understand the historical forces at work in Indochina and constantly under-estimated the extraordinary determination of the North Vietnamese.

This month, the experts have added to that the length of the eight-year war (unprecedented for Americans), the "limited" American military commitment, and the growing and deeply disturbing feeling that America was, for the first time in history, neither omnipotent nor on "the right side." As one senior retired military man put it, the American psyche wants to strike with massive force at an enemy that is identifiably evil, annihilate it and immediately withdraw.

Consensus vanishes, however, when it comes to the "lessons" for the use of U.S. power in future. Mr Casper Weinberger, U.S. Defence Secretary, reflecting the view of the once-bitten-twice-shy military, takes the position that force must only be used as a last resort, that a vital American interest must be at stake, that the U.S. must be sure of winning, and that there must be "some reasonable assurance of sustained public support." This prescription has been attacked as tantamount to total isoltationism.

At the State Department, Mr George Shultz strongly disagrees. He argues that the "prudent" use of force must always be available as an arm of diplomacy and that there can be no such thing as guaranteed public support in advance. In the language of Vietnam, the military-minded Mr Weinberger has become the dove, the diplomat Mr Shultz is the hawk. What they are talking about now, though, is Central America, and to a lesser extent the Middle East.

Last week, Mr Shultz turned the "Vietnamese syndrome" on its head arguing that if the U.S. did not snuff out Nicaraguan communism, the Sandinistas would overrun Central America just as surely as Hanoi's forces have swept through South Vietnam, Laos and Cambodia (which some Americans now like to call "Vietnam's Vietnam").

While Vietnam was a unique U.S. experience, Americans cannot help but half hope that they will somehow be redeemed by others falling into the same trap. So Afghanistan becomes in the American imagination the Soviet Union's Vietnam, and Northern Ireland is Britain's.

Some things, however, are reasonably clear. The Vietnam-inspired 1973 War Powers Act marked the start of a political process that has given the U.S. Congress a much greater say in and restraint over presidential war making. The readiness of Americans in general to accept casualties has declined so dramatically that an Administration's ability to commit U.S. combat forces to any infantry war is in serious doubt.

On the other hand, the left-wing "anti-Americanism" of the Vietnam war protesters, which began to subside with the ending of draft in 1973, has been largely discredited, as the realities of post-war South-East Asia have sunk in. As the generations wheel turns, America's Reaganite youth is now patriotic and almost 50 per cent of adults under 30 years of age do not even know that the U.S. fought alongside South Vietnam.

Ten years later, some of the political fog that enshrouded the war is clearing. The most important "dominoes," the South-east Asian democracies, have not fallen; on the contrary, the anti-Communist Asean nations are thriving. World-wide, U.S. military power has not been noticeably dented; the U.S. armed forces are probably stronger, better equipped and in better morale than they have been in decades. Nicaragua is being debated, not invaded.

This month's minute self-examination has also debunked a few myths. While Vietnam propelled the political power of TV to unprecedented heights, research now shows that only about 5 per cent of the "war in the living room" footage showed actual combat.

Above all, Vietnam veterans are not, as a whole, the mentaly-unbalanced misfits of the popular image. More than 90 per cent of those polled last month described their mental and physical health as good or excellent, the same as the general public; 56 per cent said that they benefited from the experience personally, and almost 70 per cent voted for Ronald Reagan last November.

The only sad, and bizarre, postscript is that increasing numbers have reportedly sought psychiatric help in the past few days— thanks to all the war-time replays on television.

Gorbachev promises Managua diplomatic and economic backing

BY TIM COONE IN MANAGUA AND ROBERT GRAHAM IN LONDON

IN A significant gesture of support for Nicaragua, Mr Mikhail Gorbachev, the Soviet leader, yesterday met Nicaraguan President Daniel Ortega in Moscow, and promised both economic and diplomatic backing.

Tass, the official Soviet news-agency, quoted Mr Gorbachov as saying the Soviet Union would assist Nicaragua in "resolving urgent problems of economic development, and political and diplomatic support in its efforts to uphold its sovereignty."

Although the Soviet Union has traditionally been extremely cautious over Nicaragua, the visit occurs against the background of threats by the U.S. Administration to adopt a tougher attitude towards Nicaragua.

This follows the defeat of moves by President Reagan last week in Congress to unblock $14m (£11.6m) for the "Contra" rebels fighting against the Sandinista Government.

Yesterday's meeting was at the start of a two week tour of Eastern Europe by President Ortega who is reported to be seeking up to $200m worth of economic and financial aid.

Nicaragua is being obliged to turn to eastern Europe for funds as a result of the high cost of the war against the contras and the cumulative effect of U.S. economic sanctions.

The U.S. has also used its influence to curtail loans by western governments and international financial institutions. Among the measures reported under consideration by the Reagan Administration is Nicaragua's expulsion from the International Monetary Fund.

The only concrete detail to emerge from the visits so far is an agreement signed to set up a commission for co-ordinating economic, scientific and technological co-operation between the two countries. Until now Soviet and East European assistance has been at a lower level than the Sandinistas would like. But equally the Sandinistas have been reluctant to be seen relying too heavily on Eastern Europe.

No mention was made of fresh Soviet military assistance to Nicaragua. At the end of last year Nicaragua took delivery of four to six Soviet-made MI-24 helicopters, thought to be the most advanced ground attack helicopters in the world. But the Soviet Union and its allies have so far refrained from supplying advanced fighter aircraft — a move the Reagan Administration has publicly warned Moscow against.

However, President Ortega is expected to have briefed the Soviet leadership on what is seen in Managua as a serious escalation of the stakes. The Defence Minister and brother of the President, Commander Humberto Ortega, announced over the weekend in Managua that the contra rebels had acquired hand-held anti-aircraft missiles of a type known as "Red Eye" or SAM-7.

He blamed the CIA for allowing the missiles into the region and warned this could lead to their introduction in El Salvador among the left wing guerrillas.

Defence groups 'charged Pentagon $110m unfairly'

BY TERRY DODSWORTH IN NEW YORK

A U.S. Congressional team examining billing irregularities in the defence industry has uncovered just under $110m (£92m) in "absolutely inexcusable" claims against the Pentagon by seven major defence contractors. It concluded that excessive charging for overhead expenses "seems to be a general pattern in the industry."

Among abuses uncovered by the House of Representatives' armed services committee was a $10,713 charge to cover operating losses in one company's executive barber shop, and a $12,333 bill for two season sports tickets at the Los Angeles forum, justified as useful for worker morale. Another company claimed $1m for a two-year loss on its employee cafeterias.

"The problem is broader than one company, and the volume of questionable billings already found shows that the problem goes deep," said Mr William Nichols, a Democrat from Alabama who is chairman of the committee's investigative panel.

The investigation follows the furore over alleged overcharging by General Dynamics.

Earlier this month, General Dynamics was accused of keeping two sets of boks in order to pin the blame for massive cost overruns on its submarine contracts on the navy. In addition, the House's energy and commerce committee has claimed that the group charged expenses such as personal travel and entertainment against government contracts.

The armed services committee investigation also covered General Dynamics, along with Sperry, Newport News Shipbuilding, Bell Helicopter, McDonnell Douglas, Rockwell International and Boeing.

None of these companies was identified individually, but Mr Nichols made it clear that several of them were abusing the system of overhead charges.

Canada PM questions SDI role

BY FIONA THOMPSON

MR BRIAN Mulroney, Canada's Prime Minister, yesterday expressed doubts about his country's participation in research for President Ronald Reagan's Strategic Defence Initiative.

Mr Mulroney, on a three-day visit to Britain before flying to Bonn tomorrow to attend the seven-nation economic summit, said in London that he fully supported the research component in the Star Wars initiative, but was "less than enthusiastic" about Canada being involved in a process where "we don't call the shots, where we don't set the parameters."

Canada has received an invitation to participate in space research for SDI and has appointed a special envoy to review the invitation and report back to the Cabinet.

On the larger claims for Star Wars, Mr Mulroney said he "understands what Mr Reagan's wish is and the manner in which he perceives it but I can't see that the President is going to be able to produce such a weapon out of the closet."

The Bonn summit will be Mr Mulroney's first." I'm the new boy on the block," said the Prime Minister who swept to power with a landslide Conservative election victory last September.

Mr Mulroney said he viewed his trip to London and Bonn as an opportunity to cement relations with Canada's traditional friends and allies. He will meet Mrs Thatcher this morning at 10 Downing Street to discuss east/west relations.

On the sometimes thorny issue of U.S.-Canadian relations, especially concerning trade, Mr Mulroney said the declaration of intent to reduce trade barriers signed during last month's Shamrock Summit between the two leaders in Ottawa was "extremely important."

"We had perceived incipient protectionist thrusts in the U.S. Congress and moved quickly to ensure a privileged and important role for Canada."

Canada is the U.S.'s largest trading partner, with more than $100bn in two-way trade each year.

Bahamas PM faces confidence vote tomorrow

BAHAMAS' Prime Minister Lynden Pindling faces a no-confidence vote tomorrow over an inquiry into drug-trafficking that questioned his possible role in government corruption, Reuter reports from Nassau.

A royal commission, appointed by Mr Pindling, reported in December that for drug smugglers to operate so openly "corruption must have reached to a senior level of government."

The Free National Movement (FNM), with 11 seats in the 43-seat parliament, called for the no-confidence vote.

Peru presidential candidate withdraws from election

BY OUR FOREIGN STAFF

CONSTITUTIONAL experts in Peru have begun consultations on how to avoid a second round in the presidential election. This follows the withdrawal from the race of the runner up in the first round on April 14, Sr Alfonso Barrantes, the marxist mayor of Lima and candidate for the left-wing coalition, Izquierda Unida.

As a result of Sr Barrantes' withdrawal, the leading candidate, Sr Alan Garcia of the centre-left Apra (Alianza Popular Revolucionaria Americana) is assured of a win in the second round having obtained unofficially 48 per cent of the vote. But according to the constitution a second round must be held if the leading candidate obtains less than 50 per cent of the vote.

Even before Sr Barrantes decision last Thursday, President Farnando Belaunde Terry had said the results clearly showed Sr Garcia to be the winner and the country should avoid a second round.

Sr Barrantes had at first backed a second round in the hope of reminding Apra of the strength of his broad left coalition. However, he stepped down on the grounds that the campaign would be costly and potentially divisive at a moment when the country could least afford it.

Sr Garcia and his Apro party have been careful to insist on abiding by the constitution.

WORLD TRADE NEWS

Canada dilemma over choice of bidders for defence contract

BY BERNARD SIMON IN TORONTO

THE CANADIAN Government appears to be on the horns of a diplomatic dilemma over the selection of final bidders for one of the most valuable military contracts it has awarded in recent years.

A short list of three potential contractors for a C$600m (£346m) low-level air-defence system was due to be announced before the end of March.

But no word has yet been heard from Ottawa, fuelling rumours of division within the Canadian Government, as well as pressure from Canada's Nato partners, especially Britain, West Germany and France.

It is likely that the contract will be raised by the British Government during the present visit of Mr Brian Mulroney, the Canadian Prime Minister, to the UK.

Seven West European and U.S. consortia, each with Canadian partners, have bid for the contract. The weapons and radar system is to protect Canada's Nato forces, including two air force bases and a mobile brigade group in West Germany, as well as a rapid deployment brigade stationed in Canada.

Among the seven groups is one headed by British Aerospace, with a tender based on the Rapier surface-to-air missile system.

Another group is led by Euromissile, the joint venture between Aerospatiale of France and West Germany's Messerschmitt - Bulkow - Blöhm. Euromissile's bid includes the Roland missile system.

The Canadian Defence Department's project office is understood to have recommended unexpectedly that the short-list should include three bidders from Switzerland and Sweden, neither of them Nato members.

The favoured groups are led by the Swiss weapons manufacturers Oerlikon-Buhrle and Contraves, and by Bofors Ordnance of Sweden.

The Canadian Cabinet appears to be reluctant to endorse the Defence Department's proposals, preferring that the list should include at least one British, French or German group. The two remaining consortia are led by Thomson-CSF, the French electronics group, and Krauss-Maffei of West Germany.

A senior military officer said yesterday that "the matter is in the hands of the most senior part of goverment. We've done our job." Several alternatives had been proposed to the Canadian Government, he added.

A key consideration in awarding the contract is likely to be the socio-economic benefits for Canada offered by competitive bidders. Canada is a pioneer of the so-called "offset" system, which favours contractors offering the greatest economic benefits.

In the case of the air defence contract, Ottawa has made clear that two factors are especially important: the location chosen within Canada for local production facilities, and meaningful technology transfers, including world product mandates.

Oerlikon, for example, in partnership with a Canadian subsidiary of Litton Industries, has offered to set up a factory in the remote maritime provinces to manufacture long-range air-defence and anti-tank radar under a world product mandate.

Shultz trade call angers Brussels

By Ivo Dawnay in Brussels

TRADE TENSIONS between the U.S. and the EEC took a further turn for the worse yesterday when the European Commission reacted angrily to what it saw as an attempt by Mr George Shultz, U.S. Secretary of State, to bypass its officials.

The Commission revealed that Mr Shultz had written directly to Foreign Ministers demanding compensation for damage suffered by U.S. citrus fruit growers through the Community's preferential trade arrangements with certain Mediterranean producer-countries.

Mr Willy De Clercq, External Trade Commissioner, has now written back to Mr Shultz pointing out that the U.S. should deal directly with the Commission and "not attempt to go over its head to member-states."

The citrus issue is due to be raised again at a meeting of the council of the General Agreement on Tariffs and Trade in Geneva today.

The U.S. has argued since the 1960s that preferential access to the EEC market accorded to several producer-countries, such as Israel and Morocco, discriminates against its farmers.

After almost two years of deliberations, a Gatt panel finally concluded last December that, though the preferential agreements were not necessarily illegal, damage to U.S. orange and lemon producers had been established.

The U.S. has since, in bilateral talks, been attempting to persuade the Community to accept that compensation is due. The EEC, for its part, argues that its Mediterranean trade accords are essentially political and fall outside the legal framework of Gatt.

MOVE TO SELL REACTORS TO ISRAEL

French to seek safeguards in nuclear deal

BY DAVID MARSH IN PARIS

FRANCE is making clear that it will insist on international safeguards being applied to nuclear reactors which it is negotiating to sell to Israel.

The deal, which has attracted controversy in recent weeks because of nuclear proliferation fears and opposition from Arab states, has been brought a step nearer by a decision by Israel to start a full-scale feasibility study of the nuclear power project, which could cost a total $3bn (£2.5bn).

France's undertaking to insist on safeguards on any reactor deal does not go as far as the U.S. would like. The U.S. Government has been trying for several years to force a ban on Western sales of nuclear equipment and materials to countries which do not allow international control of all their nuclear facilities.

This condition, which is thought by France and other European countries to be over-restrictive, is a consequence of the Non-Proliferation Act passed under President Jimmy Carter's administration.

It has already put an effective block on the U.S. nuclear industry's hopes of bidding for atomic power station business in China.

The legislation has also caused an embarrassing cut-off of U.S. enriched uranium supplies to the Indian N-plant at Tarapur near Bombay—which led to France stepping in to substitute for the U.S. as suppliers.

France is placing high hopes on the possible Isreali deal for two 900 MW pressurised water reactors. Agreement would counter difficulties in the nuclear industry caused by a severe downturn in domestic orders.

The Elysée Palace has played a key role in steering negotiations so far, which have involved a series of exchanges between the two Governments and Framatome, the French nuclear reactor company, over the past few months.

France is stopping well short of proposing full-scope safeguards on all Israeli nuclear facilities. These include the Dimona reactor and an associated reprocessing plant supplied under an agreement in 1956-57.

All the same, France will be insisting on non-proliferation guarantees for the exported plant backed by controls from the International Atomic Energy (IAEA) in Vienna, a Foreign Ministry official said at the weekend.

"We will only sell reactors if there are guarantees of control," he said. These would cover both the power station itself and the enriched uranium supplied to fuel it.

The IAEA has been making clear in diplomatic contacts with Paris that it would expect France to associate any reactor deal with international inspection of the facility.

If agreed, IAEA controls would be the second to be imposed on an Israeli nuclear facility. Inspections are already carried out on the IRR-1 research reactor at Soreq.

The Israeli feasibility study, according to industry officials in Paris, should be completed by the end of the year.

Singapore, UK in flight talks

BY CHRIS SHERWELL IN JAKARTA

A HIGH-LEVEL Singapore Government delegation opens crucial talks with the UK Government tomorrow on a long-standing request by Singapore International Airlines (SIA), the island-state's national flag carrier, to operate three flights a week to and from Manchester.

To SIA's visible irritation, Britain has already rejected its application twice—in February 1983 and September 1984—unless the airline reduces the daily services it operates into Heathrow, London.

This it resolutely refused to do, and the airline has recently conducted a strong diplomatic and publicity campaign in support of its request.

An all-party delegation of six members of Parliament was brought to Singapore last month, and numerous full-page advertisements were taken out in the British press.

The talks will be the first face-to-face encounter at government level on the issue. The Singapore team will be headed by Lim Hock San, director-general of the Department of Civil Aviation. Lim Chin Beng, SIA's deputy chairman, will also be present.

Singapore's request is separate from similar applications for increased services to the UK submitted by Malaysia and the Philippines, its south-east Asian partners.

Mrs Margaret Thatcher, the British Prime Minister, when she visited the region earlier this month, promised the Malaysians a fifth flight to Britain in the next year or two, but the Singapore request apparently did not arise.

SIA maintains that growing demand supports the case for the Manchester flights, and points to clear UK Government commitments to encourage competition and liberalise air services.

The airline has the backing of the Manchester International Airports Authority and of many British MPs. An "early day motion" in the House of Commons touching on the issue has been signed by more than 80 members.

British doubts about the potential market, with hints that SIA is really attempting to benefit from Australian through-traffic, are hotly challenged by Singapore, which says British Airways would anyway be free to do the same.

For the UK, the planned privatisation of British Airways is an additional complication, a point SIA has also highlighted.

Japanese to assess British software

By Christian Tyler, Trade Editor

A DELEGATION of Japanese importers of electronic components has arrived in the UK to size up the products of Britain's smaller computer software and other companies.

Mr Shigeo Takayama, the delegation leader, said yesterday the mission was strictly commercial, and had not been inspired by the Japanese Government's current campaign to stimulate imports in response to political pressures.

The delegation, representing 63 companies belonging to the Japan Electronic Products Importers 'Association (JEPIA), is looking for office and factory automation systems.

The importers are not in the market for consumer electronics, Mr Takayama said.

Yugoslavs delay U.S. car launch

By Kenneth Gooding, Motor Industry Correspondent

THE INTRODUCTION of Yugoslavian cars to the U.S. has been postponed for "a few months," according to Mr William Prior, president of the import company, Yugo America.

The Yugo cars, produced by Zastava, Yugoslavia's major automotive group, were due to be launched in the U.S. in June, but Mr Prior says that "marketing studies showed the car neded further quality refinements."

The U.S. venture is so important to Yugoslavia's economy that it is being monitored at the very highest government level.

It has created more than a ripple of interest in the U.S. because the privately owned import company hopes to put one model on sale at $3,990 (£3,325)—or $1,500 less than the cheapest car so far available to U.S. new car buyers.

Mr Prior says that the first models will now arrive in the U.S. in late August at the earliest. First-year production for the U.S. will be between 40,000 and 70,000.

To encourage high-quality manufacture, the Zastava factory management has established a separate production line for the U.S. Yugo cars.

Workers on the U.S. line are being paid a premium, he claims, and if their work is not up to par "they are demoted to working on regular Yugos."

The Yugo's carburettor and emission control equipment are being made in the U.S. and sent to Yugoslavia, adding to the delay, Mr Prior said.

Yugo America will send 114 letters of intent this week to dealers selected to sell the car.

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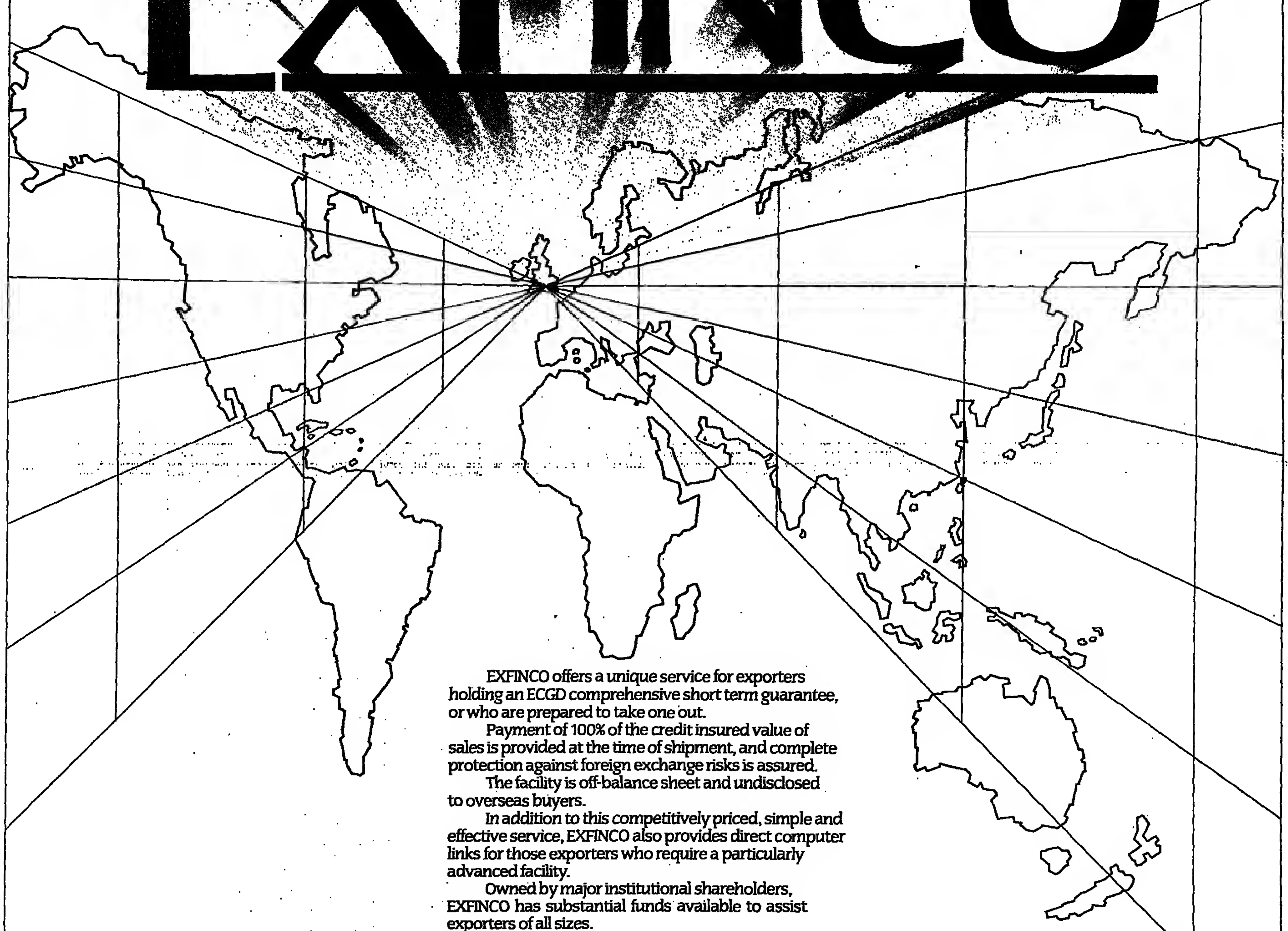

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UK NEWS

Clore tax claim settled at £67m

BY RAYMOND HUGHES, LAW COURTS CORRESPONDENT, IN JERSEY

THE 5½-YEAR legal battle over the estate of the late Sir Charles Clore, founder of the Sears Holdings retail empire, is over.

The Royal Court in Jersey yesterday approved compromise terms under which the Inland Revenue will be paid £67m in full and final settlement of its tax claims oo the £123m estate.

The court beard that, without the compromise, the legal proceedings could have continued for another 10 years and the estate's potential liability to capital transfer tax and other UK taxes could have been as high as £94m.

The tax deal resulted from many months of negotiation that brought to a head all the complex litigation in England and Jersey that has bedevilled the estate since Sir Charles's death in July 1979.

After paymeot of the tax the balance of £56m will go, as Sir Charles intended, to charity: £28m eacb to the Sir Charles Clore 1979 Israel Foundation and the Sir Charles Clore Jersey Foundation. An immediate £1m is to be given to each foundation.

The Jersey funds will be paid on to two charities to be established in Jersey by Sir Charles's children, Mr Alan Clore and Mrs Vivian Duffield, with Mr Clore's charity receiving the slightly larger share.

In the 12 months before his death, Sir Charles transferred property out of England to Jersey in an attempt to avoid tax on himself during his lifetime and oo his estate after his death.

Within mooths of his death the estate was enmeshed in litigation begun by the Revenue, the Official Solicitor, the High Court-appointed administrator of the Clore Englisb estate, and by Mr Clore, who challenged the validity of his father's two wills, from which be was excluded.

One will left all Sir Charles's property in Monaco to Mrs Duffield. The other left the bulk of his estate to a Jersey settlement for the benefit of charities in Israel and Jersey.

Under the terms of the compromise, the debts and tax liabilities of the Monaco estate – which includes valuable furniture and paintings – will be paid out of the Jersey funds.

The bulk of the revenue's £67m will come from £6m held in England by the Official Solicitor and from the proceeds of sale of the Guy's estate in Herefordshire, Sir Charles's largest English asset.

Guy's was sold in 1979 for £20.5m, the proceeds being transferred – wrongfully, according to the High Court – to Jersey after Sir Charles's death. Those proceeds, which have now appreciated to about £40m, will be transferred back to England to the Official Solicitor.

The balance of the tax will come from the £40m English assets of Stype Investments (Jersey).

Strong growth in sales by Interlingua

By Richard Evans

INTERLINGUA/TTI, the largest translation company in Europe, bas increased sales by almost 50 per ceot since the company was formed by merger last January. Turnover in the first three months of the year approached £1m.

The translatioo industry has traditionally provided a sensitive indicator of the UK economy, particularly towards exports. The first quarter figures are seen as confirmatioo of the economy's upturn in 1985, and it is expected that the trend will continue for the rest of the year.

"We believe that the increased use of electronic communications systems will inevitably lead to change, and more and more business will be concentrated with a smaller number of large firms with a true international capability," said Mr Bob Stanley, managing director.

The company's clients are traditionally in the commercial, legal, manufacturing and constructioo areas, with the mojor growth area curreotly in translations for the computer industry.

The merger between Interlingua and TTI underlined the trend towards bigger companies with overseas links in wbat has been a very fragmented market. Apart from Tek of West London, most of the other UK-based translation companies are small.

Modest recovery forecast for washing machine market

BY CHRISTOPHER PARKES

WASHING MACHINE and dryer manufacturers could be oo the brink of a modest surge in demand in their main European markets, according to a survey published this week.

Refrigerator and freezer makers, however, are mainly operating in a saturated market. Without a techoological breakthrough – possibly in freezer development – there seems little hope of real growth in the second half of the 1980s.

Euromonitor, the London market analyst bases its optimism for laundry equipment sales on the recent picture in the U.S. Two years of substantial increases there stemmed from strong economic growth and a rise in demand from purchasers who last bought machines in the 1970s.

While the U.S. surge is expected to fade over the next two years, similar factors could lead to significant increases in sales in the UK, West Germany and France.

The report notes, however, that while ony 47 per cent of U.S. homes are equipped with a washing machine, the main European markets are effectively saturated. In Italy, 92 per cent of households own one. In West Germany the figure is 91 per cent compared with 83 per cent io France and 69 per cent in the UK.

Volume sales of automatics rose 12 per cent in the U.S. last year compared with declines in France and the UK and only slight growth in Germany and Italy.

Unit sales of clothes dryers also increased 14 per cent in the U.S., matched across the Atlantic by rises of 26 per cent in West Germany, almost 7 per cent in France and 3 per cent in the UK.

In stark contrast, a separate report forecasts a bleak outlook for the refrigeration business. Only about 18m appliances were sold last year in the five countries studied, with the U.S. absorbing 70 per cent of the total. West Germany, the largest European market, took 9.5 per cent and the balance was split about equally between France, Britain and Italy.

Euromonitor observes thet manufacturers have had considerable success in the past with innovations such as the introduction of the fridge-freezer, which is now the main product in the sector.

It adds, however, that the industry is now faced with the likelihood that its main role in future will be in supplying replacements.

The only source of optimism, the report concludes, is the possibility that continuing economic growth provide some stimulus, as has happened in the U.S.

Market Direction reports 11.1 Refrigerators and Deep Freezers, and 11.2 Home Laundry Appliances, Market Direction, 87 Turnmill St, London EC1M 5QU. Price: £550 each.

ESTIMATES OF RETAIL SALES TO 1987

	Home Laundry ($m at constant 1984 prices)				Home Refrigeration			
	1984	1985	1986	1987	1984	1985	1986	1987
France	424	439	457	475	493	512	533	549
Italy	452	449	437	440	570	561	543	549
UK	802	806	825	828	503	522	472	490
U.S.	3,640	3,800	3,450	3,500	5,105	4,850	4,330	4,880
W. Germany	840	851	859	868	709	715	720	718

Source: Market Direction

Marketing of meat to be streamlined

By Andrew Gowers

MARKETING of British meat is to be streamlined as a result of a proposed management shake-up at the Meat and Livestock Commission, the Government-appointed body which provides advice and promotional services for the meat industry.

The commission said yesterday that it proposed to disband its Meat Promotion Executive, the subsidiary body which specialises in general promotion of meat, and resume direct control of marketing activities itself.

This was the central proposal of an independent review of British meat promotion published in October, which sharply criticised the MLC's alleged neglect of marketing and its top-heavy bureaucracy.

The reorganisation stems from a growing split within the meat industry in recent years between livestock producers, who have been keen to step up promotion and the trade which has resisted an increase in advertising.

MLC officials say the need for a revamped marketing operation has been underlined by the public debate over diet and health, which has apparently accelerated a consumption trend away from red meat.

The MLC is proposing to create a senior non-executive post with the task of co-ordinating its marketing operations and to appoint a new marketing director. It plans to reduce the number of posts on its marketing-related committees from 135 to 66.

To fund its activities, the MLC is proposing a split levy system, under which slaughterers and producers would continue to contribute towards the MLC's traditional work but producers would supply extra funds needed for promotion.

The adoption of the independent review's proposals follows six months of consultations with industry groups, some of which remain unhappy with the MLC's plans. Mr Keith Roberts, the commission chairman, said yesterday that he would continue to consult with the industry on their detailed implementation.

Australian subsidiary of BL 'could fetch up to £100m'

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT

BL'S SUBSIDIARY in Australia is a prime candidate for return to the private sector and could be worth up to £100m, according to the Economist Intelligency Unit.

The subsidiary, called JRA, was last year ooe of the Australian motor industry's most successful in financial terms, as well as one of BL's most profitable offshoots.

Its turnover rose from A$198.1m (£109m) to A$208.8m, the operating profit was up from A$11m to A$21.8m, while retained earnings jumped from A$6.1m to A$14.6m. This enabled a dividend to be paid on the ordinary shares for the first time of A$5.1m.

The Economist Intelligence Unit's quarterly International Motor Business maintains that, on this performance, "JRA could raise between £40m and £80m–£100m on the market."

BL's Unipart spare parts subsidiary, scheduled for privatisation in 1986, probably would not fetch much more than £100m, it suggests.

"If Unipart – essentially Austin Rover's in-bouse parts division – is floated off, there would appear to be no compelling reason for keeping JRA in the fold," writes Mr Arthur Way, editor of the quarterly.

He recalls that JRA has been transformed in recent years by cutting back drastically on production and assembly activities and by stepping up distribution functions.

JRA has collaboration agreements with Peugeot of France (car distribution), Honda of Japan (car distribution) and with Hino, the largest Japanese truck group (bus distribution).

The Economist Intelligence Unit quotes Mr Philip Hovell, JRA's managing director, as saying bis objective is "to position JRA firmly in the Australian motor industry for the second half of the 1980s as a strong, viable and free-standing company."

FIVE-YEAR FINANCIAL SUMMARY

	1980 A$m	1981 A$m	1982 A$m	1983 A$m	1984 A$m
Total revenue	190.0	158.2	164.9	198.1	208.8
Total assets	140.2	125.9	121.7	112.9	136.1
Current liabilities	81.9	64.9	61.5	47.1	63.9
Total capital & reserves	54.6	57.2	54.6	60.7	67.8
Operating profit before extraordinary items	3.4	3.2	0.8	11.0	21.9
Retained earnings	1.6	0.2	(2.6)	6.1	14.6
Operating profit (as % of sales)	1.8%	2.0%	0.5%	5.5%	10.5%
Operating profit (as % of average net worth)	6.9%	5.8%	1.4%	19.0%	34.0%
Sales revenue per employee ($)	76,818	75,365	82,245	125,134	171,837

SPORTSWEAR GROUP BUYS UMBRO SUBSIDIARY

Adidas ends British contract

BY IAN HAMILTON FAZEY

ADIDAS, the West German sports and leisurewear company with sales of about £42m a year in Britain, is not to renew its 25-year-old sole distributor contract with the Cheshire-based Umbro International Footwear (U.I.F.) when it expires next January.

Humhreys Brothers, Umbro's owner, said yesterday that Adidas – owned by Adi Dassler Sportschuhfabriken – would buy U.I.F., an Umbro subsidiary, and that trading would continue under the existing management.

The price of the sale is not being disclosed. The companies are privately owned. Umbro will concentrate on developing its own growing textiles business.

Conflict of interest between Adidas's increasing business in sports clothing, where Umbro's brands have well-established market share, is given as the reason. However, the emergence of the U.S.-owned Nike in Britain – its sales have grown from zero to between £20m and £30m in only four years – cannot have gone unnoticed by Adidas, which has long been the industry's market leader.

Recently it released its latest annual sales figure to prove that Nike had some way to go in the race for leadership of a market that has burgeoned with the fitness boom.

Mr Brendan Foster, managing director of Nike's British operations, said on the eve of the London Marathon this month that the company had already sold more than 1m items each of both footwear and apparel in its financial year ending today. Four years ago it sold only 80,000 pairs of sports shoes.

Adidas is also having discussions about future arrangements with Peter Black Leisurewear, which distributes its products to outlets outside the normal sports trade, such as retail fashion and department stores and mail order houses.

Sales in this sector are also growing, reflecting the increasing spillover of sportswear into general leisure markets.

Umbro's chief executive, Mr Arnold Copley, a former senior partner with Price Waterhouse in the City of London, said yesterday: "One is bound to have tender feelings about parting with friends of 25 years' standing. When the contract began Adidas were in footwear only, so there was then no conflict of interest."

He emphasised that no jobs would be lost in the change and that Umbro would continue to make Adidas garments.

It would also now be able to devote all of its corporate resources to making and marketing its own brands, sales of which continued to grow.

Umbro employs 650 in factories at Macclesfield, Ellesmere Port and Wilmslow. It kits out with jerseys, shorts and socks both the England and Scotland football teams, together with 14 sides from the first and second divisions of the Football League.

Various shoe companies, including Adidas, Puma (a Dassler family offshoot), and Nike provide boots to teams or individual players.

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MPs seek retaliation over U.S. taxation

A RETALIATORY tax measure in protest at a corporate taxation system used by nine states of the U.S. was being tabled in the House of Commons last night as an amendment to the Finance Bill, **Christian Tyler writes.**

The amendment's sponsors claim to have more than 250 supporters, mainly Conservative MPs. The strength of feeling is such, according to Whitehall yesterday, that Mrs Margaret Thatcher, Prime Minister, may again raise the issue when she meets President Reagan at this week's economic summit in Bonn.

It is the second year running that campaigners against the use of so-called unitary tax in the U.S. have put pressure on the Government to take retaliatory powers.

The move is aimed mainly at California, where renewed efforts are being made to repeal the controversial assessment system of multinational companies' local tax liability.

Unitary tax means that local subsidiary companies are assessed on the basis of their group's worldwide profits, payroll and assets.

Ministers are expected to delay a decision whether to allow the amendment to come to a debate, while declaring their support for the protesters.

Mr Michael Grylls, a Conservative MP and author of the amendment, said: "The patience of the House of Commons has finally run out. We have no alternative but to take retaliatory action."

The amendment would allow the Government to withdraw from a U.S. company subject to tax in a unitary tax state the right to claim refunds of Advance Corporation Tax on dividends received from its UK trading subsidiaries.

□ AIR travel to and from the UK continues to rise. The number of passengers passing through the seven airports administered by the British Airports Authority last month rose by 16.5 per cent to almost 4m. It was the highest monthly gain for six years.

□ CONFIDENCE among small business about the general trading prospects improved markedly during the first quarter. A survey in Your Business magazine of 284 independent companies said 45 per cent were more confident than they were three months ago.

□ THE CHAIRMAN of the London Stock Exchange, Sir Nicholas Goodison, begins his campaign today to gain support for changes in the exchange's constitution.

Sir Nicholas is attempting to head off opposition to reforms which are designed to allow outside groups 100 per cent ownership of stockbrokers and stockjobbers.

A meeting of 4,500 members of the stock exchange has been called for June 4 at which the changes are to be voted on by the membership.

□ MR NEIL KINNOCK, the Labour leader, said he would be happy to work in the House of Commons with Mr Ken Livingstone, left-wing leader of the Greater London Council, if he was elected to parliament. Mr Livingstone was selected at the weekend as parliamentary candidate for the London Labour-held seat of Brent East.

□ BRITISH RAIL announced a new fares structure, replacing a wide variety of tickets with just three: standard, cheap day and saver.

The changes, to take effect from May 12, will not raise basic fares but some peak-time passengers will have to pay more. BR says many off-peak travellers will pay less.

Michael Donne reports on the £89m bid for Britain's only helicopter manufacturer

Bristow's plans to keep Westland flying

THE MAIN QUESTION facing shareholders in Westland Aircraft Group, Britain's only helicopter maker, in the light of the £89m bid from Bristow Rotorcraft, is whether any change in ownership can change Westland's present situation.

The company's problems have stemmed from a combination of factors. Primarily, the weakness in civil helicopter markets – as Westland itself admitted yesterday – is due to the worldwide economic recession, which has cut demand from companies and other customers for civil and military aircraft, which in turn has made it difficult for Westland to sell its civil W-30 worldwide.

Westland has suffered other setbacks. One has been the delay in settling the substantial Indian Government order for 21 W-30 aircraft, which still remains in the balance.

Another was the collapse of the plan to build the Lynx in Egypt for the Arab Organisation for Industrialisation, for which Westland has been trying to win compensation.

Yet another setback was the delay in the EH-101 combined civil and military helicopter programme, in collaboration with Agusta of Italy. This was largely due to delays in Italian government decisions on funding that programme.

A fourth factor has been the UK Government's delay in settling its own requirement for a helicopter to replace the ageing Puma and Wessex aircraft in the RAF and Army, under the Air Staff Target (AST) 404 programme.

These elements have combined to create a shortage of work. As a result, Westland's pre-tax profits for the year ended last September 30 fell to £2.75m from £26.09m in the previous year, on sales of £296m against £326m.

The longer-term market outlook, however, remains good. Sikorsky of the U.S., Westland's big rival, suggested in a recent forecast that from 1985 to 1989 the world market for helicopters would amount to some 10,093 units, worth $18.8bn, of which the civil market alone would amount to 5,513, worth $5.7bn.

It forecast that from 1990 to 1999, a further 11,841 civil helicopters, worth $13.1bn, would be sold, with a total market, including military types, of 25,336 helicopters worth $52.6bn.

It is a recognition of such forecasts that is fuelling the Bristow Rotorcraft bid for Westland. Mr Alan Bristow, who is retiring soon as chairman of Bristow Helicopters, believes that Westland ought to be able to win a big share of the market.

Mr Bristow believes that Westland has made a number of mistakes. One is that it has tried to go it alone in research, design, development and production in the civil market. With the W-30 it had failed to secure an adequate share of the limited orders available in the face of competition from Aerospatiale of France and Sikorsky itself.

Bristow Rotorcraft believes that the Westland group is overmanned and under-managed – that what it needs is a more efficient use of its labour force, especially the substantial number of skilled designers and other young talent, and a greater readiness to link with other helicopter manufacturers, including Sikorsky, to meet the technical challenges.

It recognises that a change in ownership and management of Westland cannot by itself change the market and cannot bring in orders from reluctant purchasers. What it can do, in the words of Mr Bristow, is to "revitalise the company" by improving productivity per man-hour, streamlining management, expanding the use of the available talent, and making the operation much more productive.

Mr Bristow admits that a new management would inherit many of the same problems in terms of shortage of orders, but he says that it is in the way that those problems are tackled will lie the longer-term success of the company.

He believes that one way forward is to change the company's outlook on collaborative agreements with foreign companies, especially in the U.S.

A deal with Sikorsky of the U.S. – a company which has made it clear that it wants to build a major base in Western Europe – would not be ruled out.

It is widely believed in the U.S. helicopter industry that programmes such as the U.S. Army's LHX (Light Helicopter Experimental) for upwards of 7,000 aircraft – one of the biggest helicopter programmes yet – will leave Western Europe behind in terms of advanced helicopter technology.

It is Bristol Rotorcraft's view that to try to win a share of such programmes on a collaborative basis would be far more sensible than trying to fight them at vast expense.

Westland itself pointed out yesterday that its admitted weaknesses stemmed entirely from the effects of the world recession on W-30 civil sales, and the delays in the purchase of that and other helicopters by various Governments, such as India. The board was "reorientating its helicopter and hovercraft group activities with the aim of limiting its exposure to such risks in future."

The Westland board was also examining possible ways of allowing shareholders to "participate directly in the opportunities of the technologies group." This is understood to mean that Westland is anxious to find ways of enabling shareholders to benefit from the more profitable elements in the group, without having their investment returns diluted by helicopter losses.

MR ALAN BRISTOW, 61, whose new company Bristow Rotorcraft is bidding for Westland, is a self-made multi-millionaire with a reputation for exceptional toughness in business. He is putting some £10m of his own money into this venture.

Mr Bristow – who was once a test pilot with Westland – created Air Whaling, an Antarctic whale-spotting company using helicopters, in 1951. He set up Bristow Helicopters in 1954. He pioneered the use of rotary-winged craft not only in the North Sea oil and gas industries but in offshore industries worldwide.

Bristow Helicopters is now one of the world's biggest helicopter operators with over 140 aircraft of various types and over 1,300 staff. British and Commonwealth Shipping today holds a substantial interest in the company, although Mr Bristow retains a share.

Inquiry calls for union to change ballot practices

BY PHILIP BASSETT, LABOUR CORRESPONDENT

FINDINGS OF an independent inquiry into the running of last year's now-cancelled ballot to find the next general secretary of the Transport and General Workers' Union (TGWU) broadly clear the union of ballot-rigging. Allegations of a considerable number of voting irregularities are upheld, however.

The confidential report of the Industrial Society sent yesterday to Mr Moss Evans, the retiring general secretary, recommends far-reaching changes in the conduct of voting procedures in the union.

Although these relate specifically to the union's largest region, London and the south east, where the inquiry was conducted, the report by Mr John Garnett, the society's director, makes it clear that its suggestions should be taken up by the TGWU nationally.

The union's executive council ordered a re-run of the ballot last week after a number of allegations of malpractice in the ballot won by Mr Ron Todd, o left-winger. He defeated Mr George Wright, the moderate Welsh secretary of the union by a margin of 44,817, the narrowest recorded in an election held by the TGWU, Britain's largest trade union.

Arrangements for the new vote are olready going ahead and it is not yet clear whether proposed changes will be in place by the time the vote takes place on May 13.

Elf signs £650m oil loan deal

By Ian Hargreaves

ELF UK yesterday signed a deal with 34 banks to borrow up to £650m to finance development of its share of the North Alwyn field in the North Sea.

Bankers say the deal is the largest project loan in the history of the UK sector of the North Sea and one which involves several innovative features.

Elf will borrow £400m in the first instance – about one third of its share of financing North Alwyn. The remaining funds will come from internal corporate sources. An additional £250m is available from the banks in the event of cost overruns on the project.

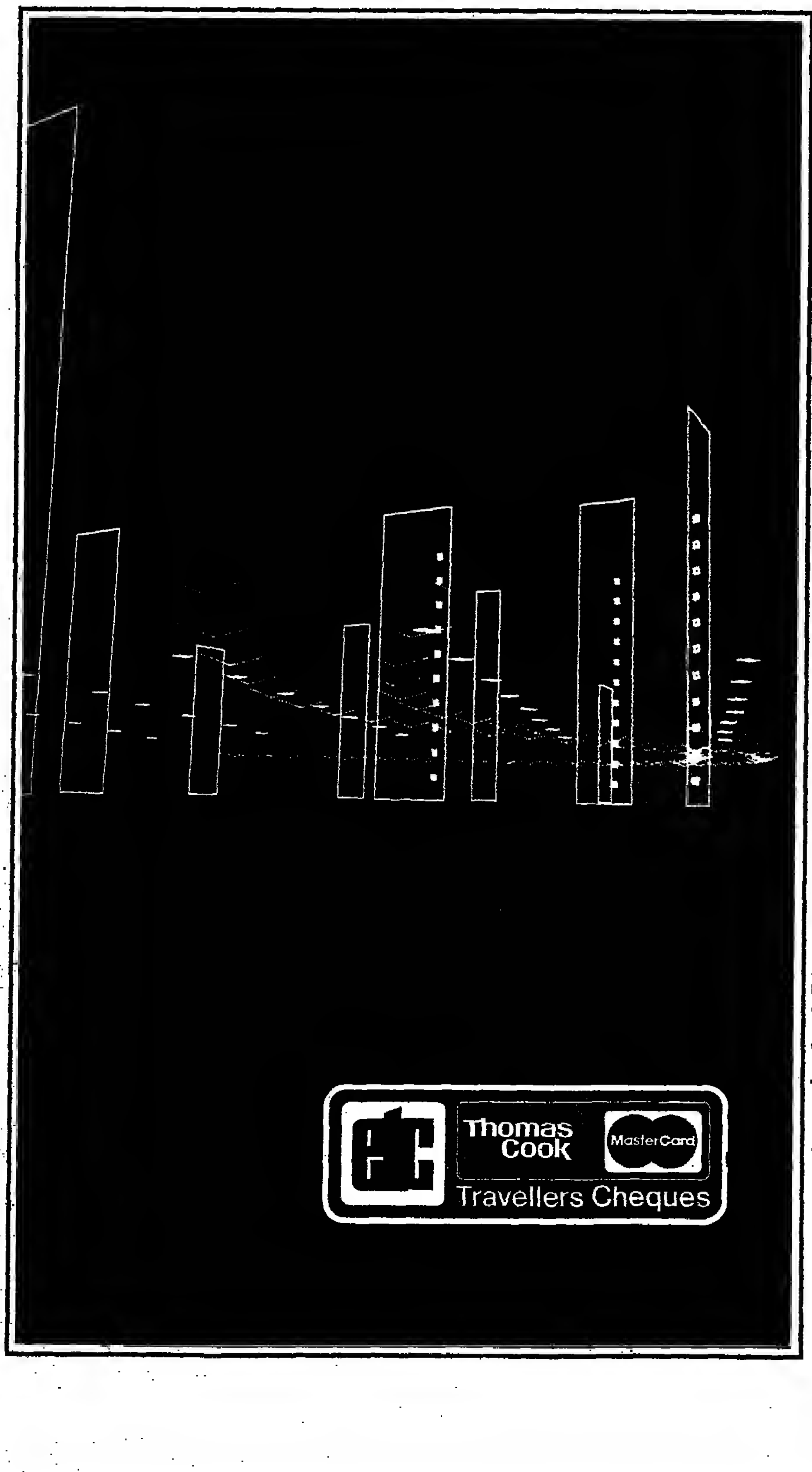
Under the terms of the deal, the banks will take over from the oil company the risk of the project failing for technical or financial reasons.

This is not the first time banks have taken this risk in North Sea project loans, but it is believed to be the first time they have done so without obtaining from the borrower a premium loan rate in the second stage of the project, when oil is flowing.

The North Alwyn loan offers the banks three quarters of a percentage point over the London Interbank Offered Rate (Libor) – a margin which would have been considered unacceptably low until the recent buyers' market in energy financing markets.

The most novel feature of the loan is the provision which allows Elf, should it so desire, to substitute draw-downs from the syndicated bank loan with borrowings from non-banking sources, such as the commercial paper market.

According to the loan terms, Elf could substitute part of the £400m project financing in such a secondary market, if it found attractive terms, while still retaining the protection against project failure contained in the terms of the syndicated loan.



Thatcher puts emphasis on overseas visits

BY PETER RIDDELL, POLITICAL EDITOR

MRS MARGARET THATCHER, Prime Minister, has spent more than four times as long abroad on official business since the 1983 general election as she has out of London in Britain.

In nearly two years, Mrs Thatcher has been north of the Midlands of England only three times, twice to North Yorkshire and once to Merseyside. There are large parts of Northern England which she has never visited as Prime Minister.

The figures, revealed in a parliamentary written answer last night, show that Mrs Thatcher has spent 78 days or parts of days on overseas visits since June, 1983, and 18 days on official visits in the UK.

The answer excludes time spent on political business, such as her recent visit for part of a day to Newcastle or to the Conservative Party conference at Blackpool in October, 1983, or personal visits and those as guest of the Queen.

Mr Jack Straw, the Labour MP who tabled the question, said last night that Mrs Thatcher was out of touch with UK problems. "The Prime Minister now knows far more about West Germany (four visits); France (four visits); or even Brunei, than she does about three-quarters of Britain."

Mr Straw, who is a Labour environment spokesman, clearly wants to capitalise on the figures ahead of

Mrs Thatcher: accused of being out of touch

Thursday's County Council elections, but the results will clearly embarrass Mrs Thatcher, who is anyway being sensitive about charges that she spends too much time out of Britain.

Her advisers have argued that she has been one of the hardest-working Prime Ministers and has not been spending much more time abroad in the past two years than previously. However, she has used the excuse of being abroad to deny knowledge of some Government decisions.

THE MANAGEMENT PAGE: Small Business

EDITED BY CHRISTOPHER LORENZ

A potter's dilemma

Whether to wheel in automation

Will Dawkins reports on the crunch point for Whichford's 'Luddism'

AS JIM KEELING put the finishing touches to his fourth flowerpot since lunchtime, he wiped the clay from his hands and professed to being something of a Luddite.

Not the kind of attitude one would expect from the proprietor of a thriving business with sales of £75,000 in the year to last September, expected to grow to more than £100,000 in the current 12 months.

Yet Keeling, 32, has steered well clear of modern production techniques and done everything possible to model his Warwickshire flowerpot factory on a Victorian craft business. Indeed, the most up-to-date equipment to be found at Jim Keeling Flowerpots consists of a few clay-spattered telephones.

Even more alarmingly, Keeling includes no sales staff among his eight employees. "I rely on the customers liking the product and saying 'yes' when I ring them up," he says, betraying the sort of marketing innocence which has contributed to the death of scores of British companies.

It is an unlikely sounding strategy for a business which has grown over the past four years to become the UK's largest producer of hand-thrown flowerpots and terracotta gardenware in terms of the number of designs in its range. Examples of its work are scattered in such exalted places as the P & O luxury liner Royal Princess, a palace in Rabat, the Royal Horticultural Society's gardens in Wisley, and Conran, the up-market house and garden furnishing shop in London's Fulham Road, which buys between £800 and £1,600 worth of Keeling's pots annually.

Keeling is unashamed about his apparently archaic working practices. They have enabled him, he says, to keep overheads low enough for his flowerpots to undercut by around 20 per cent the imported Italian and French, machine-made equivalents, which account for an estimated 90 per cent of the £20m UK market.

"There is a lot of scope for cutting costs by having a minimum of white-collar management," he says. "All I have done is to set up a modern version of a 19th century pottery—and it happens to be bloody efficient."

The irony is that many of his garden centre customers do not even know that Keeling's

Hugh Routledge

Jim Keeling: 'a modern version of a 19th century pottery'

pots are hand-made. In that sense, his business is a clear illustration of how traditional technologies can—under the right circumstances—still compete against modern automated manufacturing processes.

However, Keeling's progress has not been entirely smooth, and it seems unlikely that he will be able to maintain the pace without introducing machine moulding for the cheaper high volume pots which are so important in providing a stable flow of earnings. "I make a lot more money selling one large flowerpot for £50 than I would do from selling 100 for 50p," admits Keeling.

But automation would be a costly investment which Keeling is unwilling to make, and which he fears would jeopardise the quality of his wares. With prices ranging from 75p for a beaker-sized tomato pot to £200 for a giant Italianate vase, they are uncompromisingly aimed at up-market gardeners.

Keeling's love-affair with pots began when he got a job reconstructing ceramics on an archaeological dig in the Middle East, shortly before going up to Cambridge 13 years ago. After taking a degree in medieval history, he worked for six months in a small family flowerpot firm near Farnham, Surrey. "I couldn't think of anything else to do," he confesses. "I couldn't bear the idea of sitting in an office all day, and I was good with my hands."

By the time he left, Keeling could throw 720 four-inch diameter flowerpots in a day, which he reckons is at the bottom end of the professional potter's scale. He acquired a cottage in the Oxfordshire village of Middle Barton with a little financial help from his family, and set out to produce a range of ceramics in a nearby barn he converted.

It soon became clear that flowerpots were more profitable as well as being quicker to make than more elaborate products. By the end of the 1970s, Keeling and his two employees were selling 10,000 to 15,000 flowerpots annually to local garden centres and to anybody who happened to drive by.

There seemed plenty of scope to expand by selling more to garden centres, so the local branch of Lloyds was happy to lend him £40,000 to finance a move just over the county border to Whichford, where he spent £33,000 on building his own pottery.

Planning permission — a significant obstacle in the environmentally sensitive Cotswolds—was obtained with the help of the Council for Small Industries in Rural Areas. That, however, was the easy part. Just at Keeling was preparing to move in, he found that "I just couldn't get the trade to buy any pots. I really thought I wasn't going to be able to pay for this place."

Terracotta was becoming increasingly popular, but garden centres preferred to buy imported products from groups with attentive sales representatives, rather than purchase over the telephone from an unknown rural potter.

In desperation, Keeling arranged a sale in a warehouse in London's East End after sending press releases to national newspapers in the hope of gaining publicity. Only one paper took the bait, but the results of its coverage were spectacular. Keeling took £10,000 from the warehouse sale in the next week, up from just £200 in the previous seven days. "That taught me a lot. You have to tell people that you are there. It also changed the trade's attitude to me," he says.

Sales in that year, 1983, almost doubled from £25,000 to £45,000, and now 60 per cent of the company's turnover goes to garden centres, with the rest sold directly or by mail order.

So where does Keeling go from here? The mainstream of the business is now solid enough, he feels, to allow him to return to his original intentions of producing a wider range of ceramics, or "fancyware" in potters' jargon. To this end, he recruited Jonathan Atkinson, 44, former head of Hereford College of Art's ceramics department, to work on new projects—including hand-made tiles and ever larger pots—in which Keeling will invest £15,000 this year.

Keeling is refurbishing a 50-year-old clay processing machine, acquired from a derelict tileworks in Hereford. This, he hopes, will help him reduce his dependence for refined clay on a local tileworks, H. F. Warner, which has just been taken over by Ibstock Johnsen, the publicly-quoted quality brick-maker.

The risks that lie ahead are still considerable. Other small potteries are jumping on the gardenware bandwagon, a broken arm could spell disaster, and clay supplies are uncertain. It is no accident that Keeling designed his pottery so that it could easily be turned into three terraced cottages with minimal structural alterations. He admits: "That's the one thing which allows me to sleep at night."

In brief...

ALMOST 20,000 people took advantage of the tax reliefs available to investors in unquoted companies under the Business Expansion Scheme in 1983-84, but until now, little was known about their backgrounds. Charterhouse Development, which has two BES funds to its name and will shortly issue a third, has gone some way towards finding out, with a survey of almost 900 of its BES investors.

It shows that the average Charterhouse punter is a member of the older generation, a higher rate taxpayer, a keen Financial Times reader, and has a professional background. The respondents included a high proportion of accountants, solicitors and doctors, though a number simply described themselves as "venture capitalists."

Fifty-six per cent of the respondents were aged over 50, while 70 per cent paid a marginal tax rate of 50 per cent, and 57 per cent were regular FT readers. The survey revealed a surprising lack of interest on investors' parts in the quality of the companies into which Charterhouse was putting their cash. They were far more interested in claiming tax relief.

Only 4 per cent of the respondents said the opportunity to invest in growing companies played a large part in their decision to go to Charterhouse, while 46 per cent said BES tax incentives were the prime attractions. The rest said both factors were equally important.

However, Charterhouse's investors also showed a hardened attitude to taking investment risks, with 43 per cent saying that they would like to see up to half of their money invested in new or very young companies, and 4 per cent arguing that the entire fund should be devoted to start-ups.

●

"A FAIR WAY TO TRADE," a practical guide just published by the Co-operative Development Agency, is packed with useful advice on the do's and don'ts of exhibiting at trade fairs. Although it is written with workers' co-operatives in mind, it is equally valuable to budding entrepreneurs of all kinds.

Gerry Finnegan, author of the booklet and marketing lecturer at the University of Ulster, estimates that 80 per cent of the leads picked up by the average exhibitor at a trade fair lead to sales, as against just 15 per cent from mail shots. The booklet includes a checklist of all the details that need to be arranged before mounting an exhibition, as well as suggestions for the best opening gambits to employ when a potential customer visits the stand.

Avoid approaching a visitor with meaningless questions like: "Can I help you?" suggests Finnegan. Try to start with a remark that will lead on to a specific topic like: "How does this compare with what you are stocking at the moment?" or "Does this form part of your range?"

"You have an opportunity to demonstrate the intangibles as well as the tangibles at a trade fair—your image, your messages (social and business) in addition to the products and props," says Finnegan.

The booklet costs £1.50 and is available from the Co-operative Development Agency, Broadmead House, 21 Panton Street, London, SW1.

●

THE University of Newcastle upon Tyne has teamed up with two other academic bodies and two local authorities to set up a centre to advise and support small technology-based companies.

Newcastle Technology Centre has been established with £300,000 provided by the university, Newcastle City Council and Tyne and Wear County Council, with an extra £75,000 from the European Commission. Newcastle and Sunderland Polytechnics are also involved.

The centre will seek to identify new business opportunities and help entrepreneurs to plan projects, drawing on the skills available among its backers. It will also help the three academic institutions taking part to translate research ideas into commercial products.

●

WATFORD Enterprise Agency (Wenta) has borrowed £600,000 from the National Westminster and Co-op banks to convert and refurbish a 28,000 sq ft industrial complex on the North Western Avenue. Part of the loan has been guaranteed by CASE Communications. Tenants (60 small firms) will be able to enter into short-term leases under licence, which will involve them in no legal expenses. Details from Ken Hards, director of Wenta, telephone 0923 47373.

WD

Choosing the appropriate business structure

Malcolm Gammie writes the first in a six-part fortnightly series

IF YOU are planning to join the growing entrepreneurial class in the UK, the value of your idea, the goods or services you intend to provide and your business acumen are crucial. Do not, however, overlook your tax position—to do so may be a costly mistake.

Your first decision must be the form of business organisation you should adopt. Do you want to be "unincorporated," operating the business as a self-employed person or in partnership? Or do you want to "incorporate," which means forming a company and becoming a shareholder and director in it?

The profits you earn as a self-employed person form part of your income for tax purposes. You may be taxed on them at personal income tax rates of up to 60 per cent. If you invest the profits in certain business assets like machinery, that might, however, attract tax deductible allowances.

Where the business is carried on by a company, only the profits taken out as salary, directors' fees, dividends or interest on loans are taxable as personal income. The profits earned by the company (less any salary, fees or interest) are subject to corporation tax, which is only charged at 30 per cent on annual profits of up to £100,000.

Self-employed people, however, pay far less in National Insurance Contributions than company employees. Once the recent Budget changes are fully implemented, a self-employed person will pay a Class 2 contribution of £3.50 per week plus a Class 4 contribution of 6.3 per cent on annual profits of between £4,150 and £13,780. This gives a maximum Class 4 contribution of £606, half of which may be deducted in calculating your tax liability.

A company, on the other hand, will pay contributions at 10.45 per cent of the whole of your salary once it exceeds an annual rate of £13,780. Contributions are paid at graduated rates on salaries beneath that level. In addition, you will have your own National Insurance liability of up to £1,240 per year.

A company will usually pay tax nine months after the end of its accounting period. Income tax and National Insurance will be deducted from any salary or fees as they are paid. For the self-employed, however, there may be a considerable delay between earning profits and paying tax on them.

There are a number of important general points to consider when choosing your business structure. You might find it easier to attract outside finance as a company.

Business Expansion Scheme tax incentives for outside investors are only available if they put their cash into an incorporated company. From your point of view, a company offers the possibility of limiting your liability—in the event of its failure—to the capital you put in. A company is, on the other hand, more costly and time-consuming to form and administer.

It is difficult to turn back if you do decide to incorporate because the tax cost of transferring the business back into your own hands is often prohibitive. An unincorporated business offers more flexibility. If you start out as self-employed, you can always create a company later. This will often be the most logical pattern, and making that step is considered in the next article in this series.

Malcolm Gammie is Director of National Tax Services at KMG Thomson McLintock.

Other articles in the series will cover when to incorporate, reducing the tax burden, pitfalls of Value Added Tax, how to structure a group, and how to hand down the business.

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Publisher wishing to expand his activities is interested in acquiring additional magazine titles, year-books, directories and book lists. Anything considered except consumer journals.
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Financial Times
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WANTED

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Organisations wishing to discontinue the provision or funding of their own facilities should contact in confidence:

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Licensed Deposit Taker preferred
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Involved in insurance broking, life assurance, unit trust advisory services, pensions and benefit consultancy, seeks acquisitions Commission/fee income between £250,000 to £5m pa considered
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Established and fast growing
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wishes to purchase studio business in Home Counties (NW/W/SW England preferred). Ideally should have extra office space for marketing management.
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EXTRAORDINARY OPPORTUNITY IN ST. CROIX, U.S. VIRGIN ISLANDS

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The 700,000 tons per year plant is located in the United States Virgin Islands. It has operated as a major producer of alumina but could be converted to any related use.

The plant is located on a 1,300 acre property with a deep sea port and is adjacent to a major highway and international airport.

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Features:
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Tel: 0101 813 867 0459

INTERNATIONAL BUSINESSES FOR SALE APPEAR EVERY TUESDAY

Legal Notices

IN THE MATTER OF LEGAL PROCESSING (LONDON) LIMITED AND IN THE MATTER OF THE COMPANIES ACT 1948

NOTICE IS HEREBY GIVEN that the creditors of the above-named Company, which is being voluntarily wound up, are required, on or before the 17th day of July 1985 to send in their full Christian and Surnames, their addresses and descriptions, full particulars of their debts or claims, and the names and addresses of their Solicitors (if any), to the undersigned Surjit Kumar Singla, FCA, of Singla and Co. Chartered Accountants, of New Broad Street House, 35 New Broad Street, London EC2M 1NH, the Liquidator of the said Company, and, if so required by notice in writing from the said Liquidator, are, personally or by their Solicitors, to come in and prove their debts or claims at such time and place as shall be specified in such notice, or in default thereof they will be excluded from the benefit of any distribution made before such debts are proved.

Dated this 17th day of April 1985.
S. K. SINGLA, F.C.A.,
Liquidator.

Public Notices

KANO STATE AGRICULTURAL AND RURAL DEVELOPMENT

REQUIRES THE SERVICES OF A

PROCUREMENT SERVICES AGENCY

The Kano State Agricultural and Rural Development Authority is executing a state-wide agricultural and rural development programme. It is backed by the Federal Government of Nigeria, the State Government of Kano State and the World Bank.

Overseas procurement services on a pre-financing and commission basis are required by the Authority.

Agencies offering such services should have had substantial experience in the procurement field and will be required to procure at short notice spare parts for road building machinery, agricultural machinery etc.

The Authority will make payment due to the Agency through the World Bank under Procedure III.

Applications should be submitted by 30th May, 1985. They should include a comprehensive statement of the applicant's experience, financial facilities and backing, and the terms relating to pre-financing and commission.

Please write to the Programme Manager
Kano State Agricultural and Rural Development Authority
at either:
P.M.B. 3130 KANO NIGERIA
or
c/o KASRA LTD, 9 CURZON STREET, LONDON W1, ENGLAND

Exhibitions

NATIONAL ENGINEERING LABORATORY Open Days 5-7 June, 1985. Have you received your invitation? If not contact The National Engineering Laboratory Information Section. 03552 20222.

Art Galleries

PARKER GALLERY. 12a-12b Berkeley Street, W1 01-499 5906 FATHER AND SON. RICHARD AND THOMAS LYDE HORNBROOK (c. 1753-1856 and c. 1808-1855). Watercolours, paintings, prints. Ships, Naval Actions, Spain, Carlist War, Portugal, Madeira, Brazil, France, Italy, Devonshire, Royal Marines. 23rd April to 4th May. Mondays to Saturdays 9.30-5.30.

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We are an international company and are looking to acquire either by outright purchase or majority equity purchase a successful importing/marketing and distribution business specialising in household products, fancy goods, glassware, stationery, tools or any other business in related consumer durable fields. The business must have an existing turnover of at least £2 million and must have good management which will be retained.

Write Box G10720, Financial Times
10 Cannon Street, London EC4P 4BY

MANUFACTURING/ENGINEERING COMPANIES WANTED

Our client, a substantial private British limited company, intends to expand its business through acquisition of companies and product lines. We wish to hear from principals who seek to dispose of a product line or business, possibly in a loss-making situation, in the manufacturing/engineering sectors of industry.

Please reply in strictest confidence to:
R. E. Rowledge Esq, H. J. Anderson & Company
Griffin House, 18 Ludgate Hill, Birmingham B3 1DW

Contracts and Tenders

REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE

(Algerian Popular Democratic Republic)

MINISTERE DE L'ENERGIE ET DES INDUSTRIES CHIMIQUES ET PETROCHIMIQUES
(Ministry for Energy & Chemical & Petrochemical Industries)

ENTREPRISE NATIONALE DES TRAVAUX AUX PUITS
(National Oil Exploitation Company)

NOTICE OF NATIONAL & INTERNATIONAL CALL FOR TENDERS
NUMBER: 9112.AY/DIV.

The National Oil Exploration Company is launching a National and International Call for Tenders for the supply of:

CARRIER COMPRESSORS

This Call for-Tenders is intended for Manufacturing Companies only and excludes amalgamations, representatives of companies and any other intermediaries, in conformity with the provisions of the Law No. 78-02 of 11 February 1978, with respect to State Monopoly on Foreign Trade. Tenderers interested in this Call for Tenders may obtain the specifications from the following address:

Entreprise Nationale des Travaux aux Puits (E.N.T.P.)
16 Route de Meftah, Oued Smar, El-Harrach, Algiers, Algeria
Direction des Approvisionnements (Supplies Division)

with effect from the date on which this notice is published for the sum of 400 Algerian Dinars. Offers, of which five (05) copies should be prepared, must be sent in a double-sealed envelope, by registered mail to the Secretariat de la Direction des Approvisionnements (Secretariat, Supplies Division) at the above address.

The outer envelope should not bear any mark that might identify the tender, or any heading, and should read: "APPEL D'OFFRES NATIONAL ET INTERNATIONAL No. 9112.AY/DIV — CONFIDENTIEL — A NE PAS OUVRIR" (NATIONAL & INTERNATIONAL CALL FOR TENDERS No. 9112.AY/DIV — CONFIDENTIAL — DO NOT OPEN).

Tenders must be received by Saturday 15 June 1985 at the latest.

Selection will be made within 180 days of the closing date of this Call for Tenders.

REPUBLIQUE ALGERIENNE DEMOCRATIQUE ET POPULAIRE

(Algerian Popular Democratic Republic)

MINISTERE DE L'ENERGIE ET DES INDUSTRIES CHIMIQUES ET PETROCHIMIQUES
(Ministry for Energy & Chemical & Petrochemical Industries)

ENTREPRISE NATIONALE DES TRAVAUX AUX PUITS
(National Oil Exploitation Company)

NOTICE OF NATIONAL & INTERNATIONAL CALL FOR TENDERS
NUMBER: 9106.AY/DIV.

The National Oil Exploration Company is launching a National and International Call for Tenders for the supply of:

Lot No. 1: PORTABLE PILLAR DRILLS
Lot No. 2: TRIMMING MACHINES
Lot No. 3: GRINDING MACHINES

This Call for Tenders is intended for Manufacturing Companies only and excludes amalgamations, representatives of companies and any other intermediaries, in conformity with the provisions of the Law No. 78-02 of 11 February 1978, with respect to State Monopoly on Foreign Trade. Tenderers interested in this Call for Tenders may obtain the specifications from the following address:

Entreprise Nationale des Travaux aux Puits (E.N.T.P.)
16 Route de Meftah, Oued Smar, El-Harrach, Algiers, Algeria
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Tenders must be received by Saturday 15 June 1985 at the latest.

Selection will be made within 180 days of the closing date of this Call for Tenders.

FINANCIAL TIMES SURVEY

Tuesday April 30, 1985

World Shipping and Freight Futures

At a time of stiff competition in shipping, with major new investments in container and bulk vessels, tomorrow sees the opening of the new freight futures market on the Baltic Exchange. For the first time, operators will be able to insure themselves against swings in dry cargo freight rates.

CONTENTS

Battle of the giants in container trade

Report by Andrew Fisher, Shipping Correspondent, with contributions from John Edwards, Commodities Editor

AS SHIPS get bigger, it seems, so the industry's problems increase. This time round, it is the turn of the container shipping sector. Next could be the cruise ships. In past years, tha tanker, gas, and bulk cargo markets have all suffered from the complications of size.

It may not be the ideal background for the launching of the new freight futures contract on London's Baltic Exchange. But the intention is to protect those in the industry against fluctuations in rates, and these can occur in slack as well as boom times, though less sensationally.

Shipping is an industry in which crisis, at least in the last few years, has become almost a way of life. True, it is not just the size of individual ships that is the problem. Last year brought a welcome rise in cargo volumes for a number of routes and cargoes, notably serving the U.S. economy, world steelmakers, and Soviet grain importers. But many of the benefits were nullified by over-capacity.

Thus despite the extra business, most freight rates stuck fast to their previous levels or fell back after edging up for a few months. Despite steady scrapping, and ever more vocal attempts to promote this brutal method of ending the surplus, there is still far too much tanker and bulk tonnage about.

More and more ships are still being delivered, though the age of the big tanker is now clearly over. Some 500 of these still exist—in mid-1981, there were 700—but such vessels are the prime candidates for scrapping. It is the amount of bulk tonnage being delivered which has kept down freight rates for commodities like iron ore, coal, and grain.

Drama

A rough balance between supply and demand should be struck in about a coupla of years. Bot it is this very period that is expected to see a real bettle of the giants in container shipping on liner (scheduled cargo) rontes. The reason is the billion dollar splurge on new ships, containers and other equipment, by Evergreen of Taiwan, closely followed by United States Lines.

So drama will certainly not be in short supply in liner shipping. Already, over-tonnaging is put et around 20 per cent. When the new vessels of Evergreen, U.S. Lines and others ere all in service, it is likely to be twice this. Both Evergreen, headed by ex-seafarer Mr Y. F. Chang, and U.S. Lines, run by Mr Malcom McLean, intend to stamp their mark on the industry with round-the-world services.

Lines in all countries are worried. Mr Kimio Miyaoka, president of Nippon Yusen Kaisha, e major Japanese shipping company, said the crisis facing his country's industry was critical. "During a chronic glut of both tanker and dry cargo vessels, the shipping industry is experiencing an upheaval—particularly in liner services."

For over four years, be added, the liner, the tramp (ships available for hire anywhere), and tanker services had been in simultaneous depression. "There is virtually no prospect as yet of emerging from this structural decline."

He could well have extended his lament to shipbuilding, also struggling to deal with the problems of too much capacity. Mucb recent ordering has occurred because of low prices offered by yards, mostly in tha Far East, to fill their depleted order books.

Having done this, Sonth Korean and Japanese yards are still having trouble finding enongh new work. Japan, the world's leader, has cut capacity after the rapid growth that preceded the 1970s oil crisis, which ended the boom in big tankers.

In Europe, where the industry is a shadow of its former world-dominating self, much capacity has also been shed and subsidies are mostly needed to match the price gap with Asia. Such a situetion can easily fray tempers. Mr Graham Day, the chairman of state-owned British Shipbuilders, bas said he dreams of the day wben China overhauls Korea as the world's lowest cost, volume shipbuilder.

Not all shipbuilders have gone through quite the traumas that yards in Britain have. Sweden has cut back sharply, but the surviving Kockums yard is e highly efficient builder of cargo ships—it built three big combined container and roll-on/roll-off vessels for the Atlantic Container Line (ACL) consortium—and has moved into cruise vessels.

Making money out of complex passenger vessels is not easy. Some European yards, especially in West Germany, have lost beavily. But there ere some big orders coming up. Wartsila of Finland, a highly specialised company which also builds cargo and ice-breaking ships for the Soviet Union, is strongly placed to win some of these.

Passenger sbipplng, with cruising up at the glamour end, is what the industry means to most non-maritime people, a reminder of the days when the sea was *the* means of long-distance travel. Today, the sector ranges from hovercraft through ferries with varying standards of comfort to luxury liners.

Nonetheless, cruise ships are e very small part of the world shipping market, though a highly visible one. Britain's P & O group, with stakes in container, gas and bulk shipping, also has e cruise sbip fleet, to which the newest addition is the Wartsila-built Royal Princess costing over $150m.

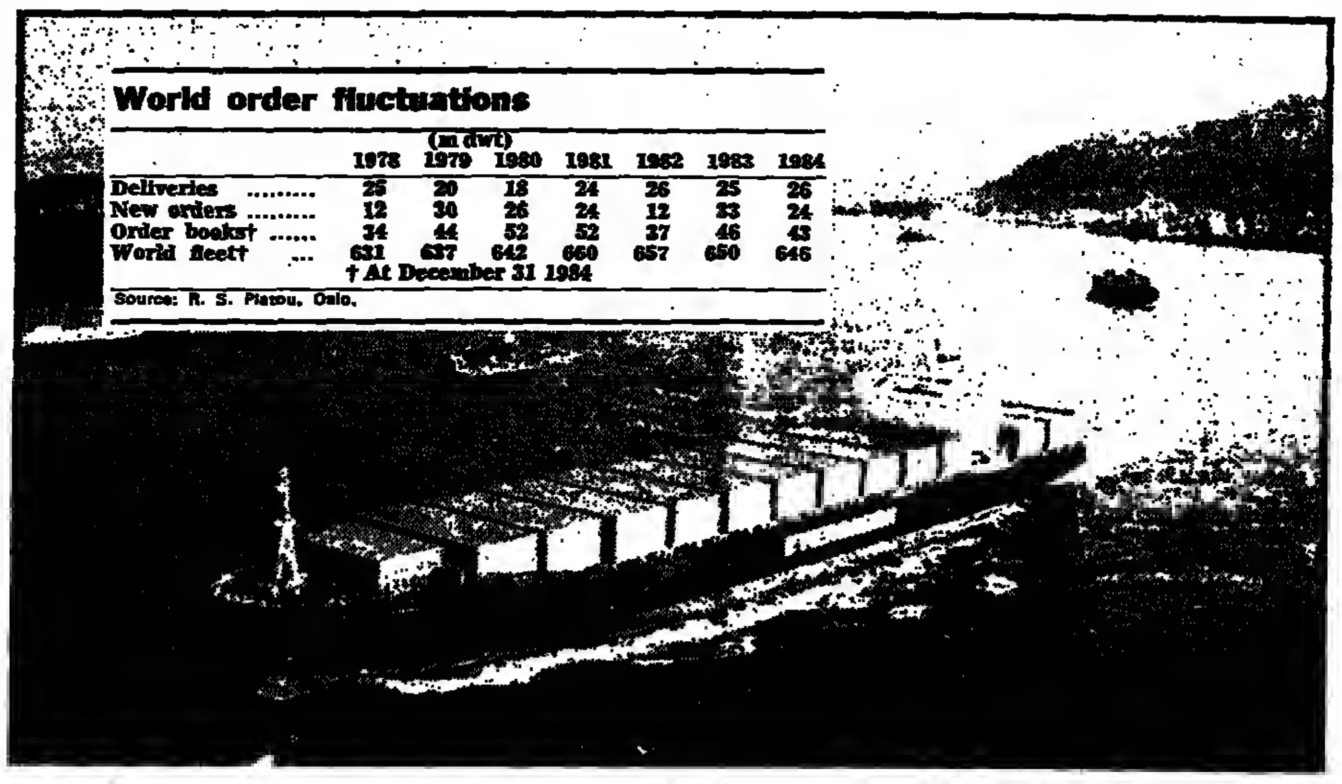
Expanding

Operating from the U.S. coast, she is reported to be doing well. But earning money after financing costs will not necessarily be easy. Other companies' Caribbean-based cruise fleets are also being expanded. One Norwegian line poodered e huge 5,000 passenger ship for the U.S. merket, but is settling for one of balf the capacity.

Over-capacity, the shipowners' familiar cri de coeur, is not e fear confined to cargo shippiog, therefore. Nor is the cruise market one that European shipbuilders can cheerfully claim for themselves. Japanese yards, with plenty of skills in building sophisticated cargo ships, would love to make inroads into the passenger market.

Japan certainly has no illusions about the future of shipbuilding as a growth industry. Both the government and the companies involved are seriously contemplating its future. They are also considering wbether to join forces with the promoters of more world scrapping facilities—Taiwan has the most—so as to try to bring about n better tonnage balance.

Whether or not this is achieved, or even epproached, bankers will be among the most concerned observers. Loans to the shipping industry total some $50bn, and much of it must be at risk in the industry's current vulnerable state. Banks beve tried to nurse clients through hard times. But they have also turned off the life support systems of some shipowners. There are bound to be more terminal cases.



World order fluctuations

(m dwt)

	1978	1979	1980	1981	1982	1983	1984
Deliveries	25	20	18	24	26	25	26
New orders	12	30	26	24	12	33	24
Order books†	34	44	52	52	37	46	43
World fleet† ...	631	637	642	660	657	650	646

† At December 31 1984

Source: R. S. Platou, Oslo.

Ever Glory, one of the round-the-world container ships in the Evergreen fleet, a major force in the increasingly competitive world of liner shipping. The Taiwanese line was the first to start a two-way global service

Market threatened by over-capacity

Passenger ships

SATURDAY IS cruise ship day in Miami, the major U.S. port for holidaymaking passengers. The big sleek cruise vessels disgorge thousands of passengers in the morning and take on their expectant replacements in the afternoon.

Annual revenues from the near 2m passengers who go cruising in the U.S. every year exceed $4bn. The U.S. market, based mainly on the Caribbean but also with a substantial West Coast element, accounts for nearly three-quarters of all world cruising.

But the cruise picture is not one of continual growth. The industry suffered during the recession which preceded the current economic growth phase in the U.S. Now, as cruise lines and ports gear up for an expected expansion in the market, there are plenty of warnings that over-capacity will stultify the market.

Certainly, there is no shortage of spending just now. A big new cruise ship costs $150m or more. Norwegian Caribbean Lines (NCL) has just announced plans to build the world's biggest at a cost of up to $200m, while rival Royal Caribbean Cruise Lines (RCCL) intends to build two new ships. P & O Cruises took delivery last year of the Royal Princess to operate from the U.S. west coast.

For companies like Finland's Wartsila, specialising in cruise ship building, the flow of work is welcome. The company has just won an order to build a ferry for Jahre Line of Norway. It was the Wartsila yard in Helsinki which built the Royal Princess. P & O has an option to order a second such vessel, but is not thought likely to exercise this in view of the heavy cost.

Yards with experience in the industry can earn sizeable profits from the construction of such costly and complex ships. But there are also pitfalls. Cost overruns can cripple yards which miscalculate.

Even so, it is a sector that yards are keen to enter. Kockums of Sweden has done so with two cruise ships being built for Carnival Cruise Lines of the U.S. The Japanese also want to build passenger vessels. Nippon Kokan has won a $50m order to build a new North Sea passenger and freight ferry, after a Dutch yard had to drop out of the contract when The Hague Government declined to provide a big enough subsidy.

Ever since aircraft replaced ships as the main form of passenger travel two decades or so ago, cruising has developed as a, mostly luxury, holiday alternative. For many people, the ship itself is the main attraction. For others, there is the chance to travel in style to unfamiliar places.

Benefits

Cruising brings major gains to a port like Miami, now building a $30m new passenger terminal. Mr Carmen Lunetta, the port director, said at a recent cruise conference of Seatrade magazine in New York that the direct benefits from the industry to the Miami community were $1bn annually and the indirect benefits $2.5bn. More than 25,000 new jobs had been created by the industry.

Over the next five years Miami-based lines are expected to spend some $1.5bn on new ships, providing another 15,000 cabins to be filled. Several other ports are now boosting their facilities, or thinking of doing so, to cope with a hoped-for inrush of cruise passengers.

They include Boston, Port Canaveral, Tampa, Seattle, and San Diego. In Vancouver on Canada's west coast, a combined cruise terminal, hotel and convention centre is being built ready for Expo 86, which will feature transport and communications.

Will the gung-ho growth predictions be justified? Or have the more cautious experts read the market right? Mr Bent Zeier, a shipbroker at Fearnleys in Oslo, told the Seatrade gathering that hopes should not be pitched too high, either by cruise operators or shipbuilders.

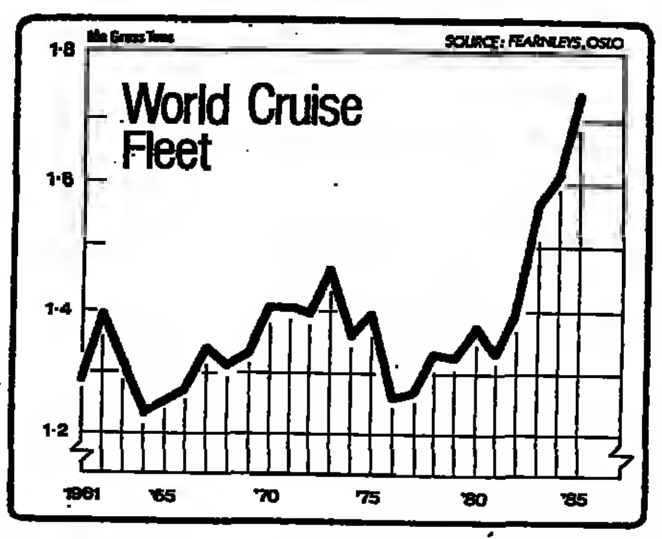
He described cruising as a "highly strung shipping sector." Not too many ships should be built, if the right balance was to be maintained. "Believe it or not, we still have an estimated over-supply of vessel capacity of 20 to 30 per cent in the world fleet." This was despite hefty fare rebates to attract passengers. The total world cruise fleet is 89 ships of more than 5,000 gross tons each.

On average, he said, only two or three ships had been ordered each year for the past 20 years. But building costs in the last decade had shot up five- or six-fold, compared with only a doubling for conventional cargo ships.

He cited the example of a West German yard which made heavy losses on two ships, now operated by P & O as Pacific Princess and Island Princess—the Love Boat ships of the U.S. TV series—out of Los Angeles.

For passenger ships, effective marketing is vital. Mr Rod McLeod, vice-president for marketing of RCCL contrasted what he called the commodity marketing perspective—"akin to looking at the supply of cruise industry berths as a basic commodity like soyabeans, wheat, rice, or pork bellies"—with the brand marketing perspective.

He did not, needless to say, include RCCL in the former category of operators with "me-too" products. A cruise line company needed more than just a big ship with bingo, shuffle-board and good food. "You must have a strong, unique product marketing concept that fills well-defined consumer wants and needs."



Consolidation

RCCL was expanding its fleet to six ships from four at a cost of more than $300m—firm orders have yet to be placed—because it reckoned it had these attributes. Over the next few years, Mr McLeod expected several, apparently contradictory, trends to emerge.

Profits would come under more pressure and there would be more consolidation of ownership. The past two years have already seen the sale by Norwegian American Cruises to Britain's Cunard (owner of the QE2) of the Vistafjord and Sagafjord vessels and the purchase of Royal Viking Line with three ships by NCL. But Mr McLeod also expected new operators to enter the market with cheap second-hand ships, while other big lines would order new tonnage.

Klosters, owner of NCL, has been working on an audacious plan to build a vessel three times the tonnage of the Norway, the world's largest passenger ship, which it also operates. The cost would be about NKr 4bn ($457m), with yards in Germany, Finland, Sweden and the Far East in the running to build her.

More than the length of three football pitches, the ship would be 70 metres longer than the Norway and carry as many as 5,000 passengers. She would be aimed at the U.S. market and be centred chiefly on the Caribbean. But this Phoenix project has been shelved by NCL in favour of the 2,500-passenger ship deal.

Also under discussion is the possible DM 400m ($132m) conversion of the 38,000-ton United States liner, now over 30 years old, into a modern cruise ship by a German yard. In the heady world of cruising, it seems, there is still no shortage of big thinkers.

Need to scrap remains as rates hold back

EVEN THE most resilient optimists are subdued these days. For owners of bulk cargo vessels, the past few years have been a long haul indeed. Those expecting freight rates to move up significantly in the mid-1980s have had to defer their hopes.

If past optimism led them to order new vessels at temptingly low shipyard prices, they now need all the patience and toughness they can muster, and so do their bankers.

Not that the past year or so has been a complete disaster for bulk shipping. Far from it. Shipments move healthily and look like staying at the higher levels. The problem, widespread in shipping but most acute for tankers and bulk carriers, is that of over-capacity. Scrapping so far has not proceeded fast enough to alleviate this.

By far the biggest volume of bulk cargoes is shipped to the world's steel industries. Iron ore and coking coal are thus the biggest cargo components of this sector. Since world steel production rose by about a tenth last year, shipowners felt some benefit. Iron ore shipments went up by more than 15 per cent.

The biggest demand pull for bulk cargoes came from the countries on the edges of the Pacific basin: the U.S., Japan, South-east Asia, and Australia. Here, economic growth rates exceeded 5 per cent. In Europe, they were under 3 per cent. Industrial output rose even faster, by more than 9 per cent in the U.S., Japan and South-east Asia and 6 per cent in Australia against less than 3 per cent in Europe.

Grain shipment increases also helped the market last year, as the Soviet Union went on a chartering spree to meet its import needs. This buoyed up activity after the summer lull. About 150 ships were hired in the last three months of 1984, with the largest share of Russian grain imports coming from the U.S. Altogether, Soviet grain purchases to offset the effects of their own poor harvest are likely to total 45m tonnes in 1984-85 against 33m tonnes the previous year.

The Soviet chartering certainly bolstered rates for Panamax vessels, which the country mostly uses for its grain shipments. These ships of between 60,000 and 80,000 deadweight tons are built to go through the Panama Canal. Rates for both larger and smaller ships also picked up near the year-end.

The larger bulk carriers often fared better in the Pacific than the Atlantic. H. Clarkson, the London shipbroker, said much of this was due to the very high levels of both Australian coal exports, some 25 per cent up on 1983, and iron ore sales. In July, for example, the rate per ton for 55,000 tons of coal from the west coast of Canada (Roberts Bank) to Japan was around $7. It ended the year at $8.25.

Despite movements within the year, 1984 mostly saw freight rates end stubbornly at the levels of the previous year. The stagnation has continued into 1985. Grain rates from the U.S. Gulf in March were virtually unchanged at $16 to Japan and more than $1.75 lower at $9.25 to Europe from the position in March 1984.

The renewed heavy ordering of bulk carriers, notably by the loss-making Sanko Steamship in Japan, from 1983 clearly put a damper on freight rates and ship values. Many of those ships are now being delivered, though

Bulk carriers

Sanko has said it wants to delay delivery of 20 of the 125 new ships it ordered. Other hard-pressed owners have been trying to do the same.

The size of the world's bulk and ore carrier fleet rose by just over 11m deadweight tons last year to 191m dwt. In the first six months, new deliveries totalled 138 ships of 5.4m dwt, jumping sharply in the second half to 211 ships of nearly 9.5m dwt, noted Clarkson. Scrappings amounted to about 5m dwt.

As more tonnage has come into the bulk market and freight rates have remained fairly slack, so have the values of ships fallen. So-called handy-size vessels of 25,000-40,000 dwt—Sanko ordered many of these—have shown the steepest declines. One built in 1973 would have fetched over $3m at the start of the year, but only about $2m 12 months later. Panamax vessels held their value better at about $4.5m for 1972-built tonnage and $8m for ships dating from 1977.

The problems in the bulk shipping market have affected owners from all major shipping areas. Companies in Hong Kong, Norway, Greece and elsewhere are finding it increasingly hard to wait for the better times they hoped were just around the corner a year or so ago. The collapse of Irish Shipping late last year had repercussions around the globe.

The state-owned company was put into liquidation by the Dublin Government rather than being allowed to spend the I£56.5m ($54m) which would have been needed to keep its charters going with Far Eastern owners such as Wah Kwong of Hong Kong. Sanko of Japan, which has been selling off some older ships, is expected to lose over Y30bn ($120m) in the financial year to March, 1985, just ended.

Sanko's banks have promoted a restructuring of Sanko's finances, with the massive new building programme aimed at taking advantage of low domestic yard prices to build efficient modern ships which could then start to trade profitably as the market took off. But it still shows no signs of doing any such thing. Sanko's competitors report that it has even been undercutting prevailing rates to secure business for its fleet.

In such a chilly market environment, many established operators find it hard to survive. Companies in northern Europe have tended to retreat from bulk cargo vessels. A British-flag 25,000 dwt bulker can cost upwards of $4,000 a day to run compared with less than $3,000 under a flag of convenience. Hapag-Lloyd of West Germany pulled out of the bulk and tanker markets when the going got too rough a few years ago.

Most owners are now waiting for around 1987 before supply and demand becomes balanced enough to allow freight rates to improve significantly.

Last December, 578 contracts were being carried out by yards for bulk carriers of all sizes. Of these, 452 were for ships of 20,000-50,000 dwt, also the sector in which most obsolete dry bulk tonnage is concentrated, said Clarkson.

Since today's new ships are vastly more fuel efficient than older ones, "increasingly, older units are being forced out of the market and sold for demolition," a trend expected to continue for three years or so. The Panamax surplus is less acute, though the late 1970s and early 1980s saw a big rise in new orders for this size of vessel, mainly in the hope that coal trade would shoot ahead.

Most Panamax orders have now been delivered, however. Older ships are going to the breakers' yards. "Looking forward," said Clarksons cautiously, "it is possible — in the absence of new contracting activity — to envisage an actual shortage of Panamax vessels by the end of 1987."

The big ships of 100,000 dwt and over have also held their own — Oslo's R.S. Platou said rates for large bulkers were 35 per cent higher on average in 1984 than the year before — but recent orders and likely weaker growth in raw material shipments for steel could upset this sector.

Stagnation in world freight rates

($ per ton)

	Size	Mar '85	Dec '84	Mar '84
GRAIN:				
U.S. Gulf-Japan	50,000 tons	16	15	15.75
U.S. Gulf-Holland ...	70,000 tons	9.25	8.75	11
COAL:				
Hampton Roads-Japan	55,000 tons	14	12	13.40
OIL:				
Gulf-Europe	VLCC*	WS20	WS26	WS24
Gulf-Far East	VLCC	WS23	WS30	WS27.5
Kharg-Far East	VLCC	WS45	WS38	WS37.5
TIME-CHARTERS:				
One-year	28,000 tons†	3,500	3,850	3,750
One-year	Panamax‡	6,500	7,000	6,750

* Very large crude carrier (over 200,000 tons). † Bulk carrier. ‡ Able to go through the Panama Canal (60-80,000 tons). Rates are for modern, fuel-efficient vessel. Kharg Island (Iran) rates reflect risks to owners from war with Iraq. WS stands for Worldscale. Hampton Roads is on U.S. east coast.

Source: Matheson (Chartering), London.

Competition becoming even more fierce

Container ships

TOUGH TIMES lie ahead for the world's container shipping lines. With several billion dollars being spent on new ships and equipment, competition on liner (scheduled cargo) routes looks like becoming so fierce that some of the weaker companies could be driven out of business.

The extra capacity coming on to the market will add to a tonnage surplus already apparent on most services. But last year's surge in trade to the U.S., and the impact of U.S. economic growth on other areas, has given lines a much-needed breathing space. Cargoes from the Far East benefited especially from the upturn.

Two names stand out in the current liner debate: Evergreen, an aggressive and expanding Taiwanese company, and United States Lines, headed by the doughty Mr Malcom McLean, a pioneer in the container business. These are not the only two companies expanding their fleets, but they are the only ones with big new round-the-world services.

Each company is spending about $1bn on new ships, containers and other facilities for its services. Rates for the shipping of containers have already drifted down as a result, after other lines' attempts to raise them last year.

Companies affected by the ambitions of Evergreen and U.S. Lines are determined to fight back, trimming rates where necessary in order to prevent large shares of cargo traffic leaving their fleets. The Far Eastern Freight Conference, biggest of the world's conferences — which set rates, schedules and loading limits for members—has been retaliating forcefully.

With 34 members, the Far Eastern Freight Conference is in a strong position to do so. Much of the 12 per cent rate increase it put through at the start of 1984 has been eroded. Where outsider (non-conference) lines like Evergreen look like taking too much of the trade, the FEFC has cut its rates accordingly.

Evergreen used to have a cosy agreement whereby it pitched its rates 5 per cent below those of the FEFC. But this collapsed last year. Now, the situation approaches a free-for-all, though Mr Kerry St Johnston, chairman of the FEFC, said that so far the impact of Evergreen and U.S. Lines had "not been excessive."

He is also chairman of Overseas Container Lines (OCL), the big UK line operating to the Far East. It has not been investing in new ships recently, but has put through a major re-engining programme to streamline fleet costs and postpone the need to order new tonnage until the 1990s.

The container shipping market, he thought, had possibly become too mesmerised by the activities of Evergreen and U.S. Lines. Going round the world in itself—Evergreen goes both ways and U.S. Lines only eastbound — had no particular magic. Over-capacity was the enemy.

"More and more," wrote container shipping analyst Mr Richard Gibney in a recent study published by Lloyd's Shipping Economist, "an over-capacity inspired storm looks likely to break over an increasingly fraught, even frightened 1985-87 market."

The affected lines seemed only able, "with lemming-like predictability," to respond by adding more ships and container slots. "Of such stuff wars are born and waged," he concluded. Putting it less sensationally, Mr St Johnston reckoned that "the tricky time will be the last months of 1985 and the first half of 1986."

What have the effects been so far? Around 1970, outsider lines had about a tenth of the trade on routes covered by FEFC lines. By the end of last year, this was up to about a third. On some routes, notably Taiwan and Hong Kong to Europe, it was as high as 50 per cent, on others far less.

Over-tonnaging on Europe-Far East routes, currently about 20 per cent, could grow to some 40 per cent by the end of 1986 with the new ships of Evergreen, U.S. Lines and others such as Yang Ming (the Taiwanese state line), Orient Overseas Container Line (part of the C.Y. Tung group of Hong Kong), and Singapore's Neptune Orient Lines.

The downward impact on rates could be immense. Trade growth will be nowhere near enough to absorb the new tonnage. Companies with a secure financial structure, a flexible management approach, and an established network of land- and sea-routes for door-to-door container services will be best placed to survive.

But even the hardiest of container companies are beginning to feel the strain. OCL turned in a record £56m ($45m) profit last year, but has warned of the dangers of over-tonnaging and pressure on rates for the current year.

The big U.S. companies, Sea-Land and American President Lines, are also finding 1985 more difficult. Lines in Japan are feeling the squeeze, while those in Europe such as Nedlloyd of Holland have warned of the uncertainty in liner trades.

Sea-Land, the largest U.S.-flag container carrier with 58 ships, reported a 67 per cent drop to $4.4m in net earnings in the first quarter of 1985 after a record 1984, during which they soared by 89 per cent to a record $80.5m. The company had record cargo volumes on both the Pacific and the Atlantic last year.

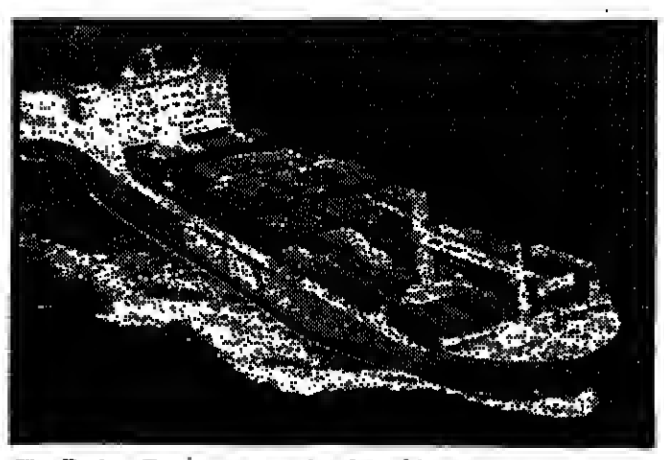
The trend is more sluggish this year, though the first quarter is generally slow. "We look to 1985 with caution," said Mr Joseph Abely, Sea-Land's chairman. Earnings are expected to be down on 1984, as trade growth sags and more ships enter the market.

U.S. Lines, one of the most secretive of companies under Mr McLean, a former boss of Sea-Land, does not publish regular financial or operational details. But analysts and bankers will watch closely to see how revenues from its 12 massive South Korean-built ships match up with its huge debt servicing costs.

Most of the ships, capable of carrying over 2,000 forty-foot containers each, have still to be delivered. Mr McLean, like Evergreen, is calculating that economies of scale and efficient engines will allow U.S. Lines to offer cheaper rates to pick up cargoes. Competitors point out that ship costs are only about a quarter of the total transport cost.

Another big U.S. container player, American President, has also taken a dip in the first quarter. Operating mainly on the Pacific, APL said earnings would be $8-$9m after $14.2m a year ago. The first three months of 1984 had benefited from the sharp rise in U.S. demand for Asian-made consumer goods.

In the face of rising capacity, many lines have banded with each other to rationalise, pool, or otherwise streamline services. The U.S. Shipping Act of 1984 has made such agreements much easier on routes into North America by broadening anti-trust immunity for the industry.



The Barber Tampa, one of the three big new combined container and roll-on/roll-off ships in the fleet of Barber Blue Sea. Owned by Norwegian, UK and Swedish interests, recently linked up with other lines to rationalise services

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John Edwards explains the background to the new freight futures exchange (Biffex) and describes how the market will work.

Problem of standard contract overcome

Biffex

SHIPPING HISTORY will be made on the Baltic Exchange in London tomorrow when the freight futures contract is formally launched by the Lord Mayor of London, Sir Alan Traill. For the first time, shipowners, operators, brokers and charterers will be able to insure themselves against fluctuations in freight rates.

Biffex (Baltic International Freight Futures Exchange) will initially deal in an index based on bulk dry cargo routes. However, if it is successful, futures contracts for tankers and other freight rates will almost certainly follow.

The main pressure for the introduction of a freight futures contract cama from the grain shippers, who have long felt that their profits on grain transactions are extremaly vulnerable to unpredictable changes in the volatile freight market.

However, although grain shippers may well be the biggest users, the contract has a much wider appeal among many other sectors of the shipping and commodity industries.

Trade, and private, speculators will also be given the opportunity of gambling on whether the freight index is going to rise and fall, thereby helping to provide extra liquidity to the market.

The traditional purpose of a futures contract is tn make forward dealings in the physical market safer and easier by reducing tha risks involved and giving an indication of likely price trends.

In this respect freight rates are no different from a raw material or indeed currency or interest rates. The problem which prevented freight futures from being introduced long ago was the difficulty in evolving a standard contract on which to base dealings—one of the essential requirements for any futures market.

It was obviously impractical to have different contracts for the many varied geographic and time-period routes throughout the world. A common trading base bad to be found, but the many attempts to do so proved unsatisfactory.

Hurdle

However, tha successful inauguration of financial futures markets based on an index encouraged renewed efforts to compile a freight rates index and a special committee set np by the Baltic Exchange finally came up with tha answer.

An additional hurdle was removed when the London International Financial Futures exchange started trading a stock market futures index, without any problems resulting from the Gaming Act in Britain.

It had been feared that dealings on a futures index on UK markets might be viewed as a gambling transaction that could not be enforced legally, but legal opinion is that this is not the case where there is no underlying deliverable instrument.

So the way was cleared for renewed attempts to formulate a standard index that would reflect the general trend in freight rates. After considerable research and testing, the Baltic Exchange — the acknowledged centre of world shipping interests—came up with the Baltic Freight Index that was launched on January 4 this year.

This index is being leased by tha Baltic Exchange to Biffex, who are in turn leasing it to Intex, the fully automated Bermuda - based futures exchange which plans to launch a freight futures contract simultaneously on May 1.

The deal between Biffex and Intex caused some controversy, since some Biffex members felt they were giving away their main asset much too cheaply.

However, the majority decided that the newly-established Intex market, which bas received only modest support for its gold futures contract launched last year, would not provide too much competition and would be helpful in promoting business in the U.S. since it will operate mainly in U.S. trading hours when the Biffex market in London is closed.

Trading on the Biffex market, using the traditional "open-cry" system, will start at 10.15 until noon resuming at 2 pm and continue until the final "call" at 3.45 pm. Intex computer trading in freight futures will be from 9.30 to 4 pm. Eastern U.S. standard time, so there will normally only be a two-hour overlap when both markets are trading.

Biffex claims that the open cry method of trading offers considerabla advantages over computer dealings, particularly in assessing the mood of the market.

Biffex is confident that it will be by far the biggest market with the greatest appeal to the shipping industry in view of its strong links with the Baltic Exchange, which is its landlord and sponsor.

Tha Biffex market will be housed in special premises, built in the Baltic Exchange where shipping community representatives meet for a few hours each day to help set international freight rates in private negotiations.

There are already other futures markets in the Baltic Exchange for agricultural products helping to pay the expenses of maintaining the historic building that is used so sparingly by its 2,000 or so individual members. But the Baltic is a natural home for Biffex, since it can be expected that many of the members will take an active interest in what is going on in the futures market.

The 30 "floor" members of Biffex, who paid £25,000 each for their seats, are a mixture of shipping interests and futures trading companies. The membership was deliberately selected to give a balance between those experienced in shipping and those with expertise in futures.

In several cases, shipping and futures companies have got together, either by establishing joint ventures or simply agreeing to link up. Tha "floor" traders acting on behalf of themselves or clients will bandla all the transactions, which in turn will be cleared and guaranteed by the International Commodities Clearing House (ICCH) owned by a consortium of the leading clearing banks.

The ICCH, which provides clearing facilities for most other London futures exchanges, has agreed to give Biffex traders the option of either dealing on a marked-to-marked basis, where profits and losses are settled up each day, or to use the London Commodity Exchange system whereby settlements are delayed until completion of tha transaction.

This is in line with the recent concession by the ICCH to the London fiancial futures markets, since American traders in particular strongly object to not being able to realise their profits on a daily basis if they are making money.

Trading on Biffex will be np to two years ahead, with four dalivery months annually — January, April, July and October. This means that there will be only four settlement dates each year, when in theory any outstanding contracts dne for delivery will be settled by the cash equivalent based on the average Baltic Freight Index figure for the preceding five days.

This somewhat tortuous arrangement is to ensure that the Index cannot be manipulated prior tn the settlement date. A great advantage of cash settlement is that it will be impossible to "squeeze" the market by buying up available supplies in the delivery month as often happens in futures markets where a physical commodity is involved.

All these elaborate arrangements will, of course, come to naught if Biffex fails to attract sufficient suport to make it a viable market. The futures industry is littered with contracts that have failed to make the grade.

Nevertheless, prospects for Biffex seem genuinely promising. For a start there is known to be a fundamental desire for soma form of price protection in an industry where billions of dollars a year are involved.

It is impossible to say exactly how much is spent on freight worldwide each year, but a rough calculation based on the size of the fleet and the number of voyages, estimates that at least $10bn a year is spent on the bulk dry cargo sector alone. There is, therefore, obviously huge potential business.

Liquidity

Some of the Baltic members, resentful of the space taken by the noisy futures trading fraternity of the Exchange and proud of their expertise in shipping, say they bave no intention of using Biffex.

Mr Paul Vogt, chairman of Biffex, concedes that the shipping trade, unfamiliar with futures, will probably adopt a wait-and-see policy. He expects them to start "very gently," but be is sure there will be sufficient support, boosted by speculators gambling on the trend in the Index, to provida the necessary liquidity gradually to attract trade hedging business.

Mr Stephen Carter, the newly-appointed chief executive of Biffex, who was previously with the P & O group, also anticipates a slow build-up of interest from the shipping industry.

He notes that there is a long learning curve involved, in spite of some extensive marketing by some of the member companies and the Exchange.

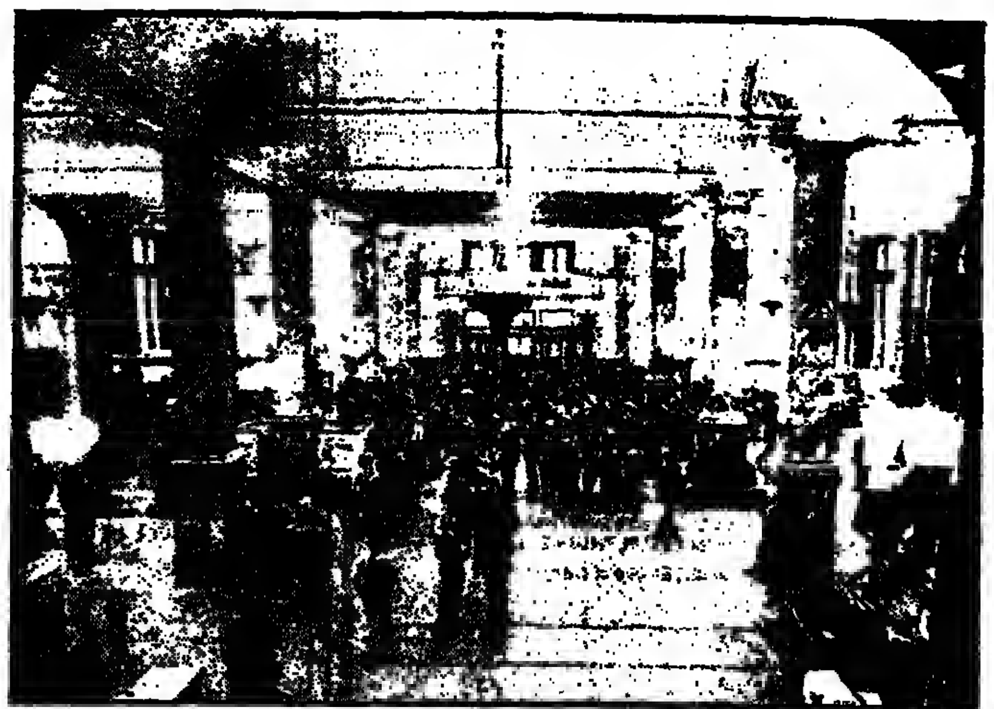
He forecasts too that the forward trends quoted on the freight futures exchange could, in themselves, bave a powerful influence on the spot, physical, market as happens in commodity and financial futures.

As an added bonus the Chancellor's announcement in the recent Budget to change the taxation treatment in the futures markets to a far more favourable basis could well boost domestic investment interest in the new exchange.

With the worldwido reputation of the Baltic Exchange as the international shipping centre, London is in a dominant position to provide the world's leading freight futures market.

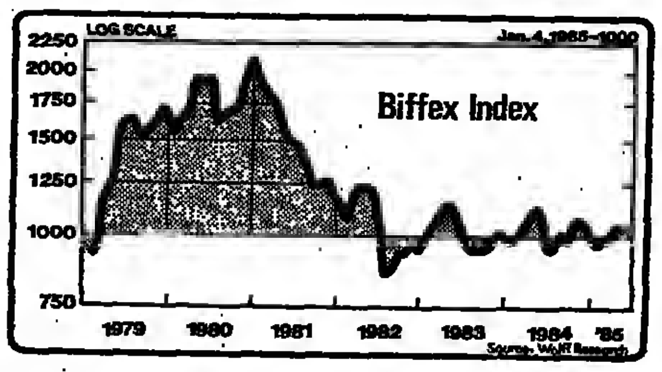
Acceptance of the new contract by the shipping industry may taka some time to materialise while companies learn how to use futures to their advantage.

However, if the experience of the financial and oil industries are anything to go by, the introduction of futures trading could have a profound influence on the shipping community as a whole in the years ahead in setting price trends and enabling forward planning with reduced risk.



Roger Taylor

The Baltic Exchange (right) and, left, Stephen Carter, the Biffex chief executive. Trading on Biffex will be np to two years ahead, with four delivery months annually



Vital basis for cash settlements

Baltic Freight Index

THE SUCCESS of the new freight futures exchange (Biffex) relies to a large extent on the credibility of the Baltic Freight Index, launched in January this year. The Index (BFI), issued daily to reflect movements in the spot dry bulk freight market, will provide the basis for dealings on the futures exchange.

Future quotations for eight monthly positions covering a period np to two years ahead will be founded on the BFI with premiums or discounts reflecting market expectations of whether the index will rise or fall from the current spot level.

It is, therefore, absolutely crucial that the Index provides an accurate guide to trends in freight rates, if users of the futures markets are to be able to "hedge" forward transactions effectively.

The Index will also be used to calculate cash payments dne on any outstanding contracts to buy or sell that have not been closed out by the four settlement dates each year when the monthly positions quoted expire. This is not expected to happen very often, if at all, since the purpose of a futures market is to provida price risk protections through "paper" transaction parallel to the physical market.

Nevertheless, any futures contract bas to have the facility either for physical delivery or an equivalent casb settlement. Since freight rates are obviously not daliverable, the Index is vital in providing a basis for cash settlement.

It was the ability of tha Baltic Exchange to provide an anthoritative, generally acceptable, freight index that was the key to going ahead with the futures venture.

A good many freight indices have been compiled over the years. The difference with the Baltic Freight Index is that it was purpose built for the proposed futures contract, drawing on the expertise available from members of the Baltic Exchange.

This is because the BFI, unlike other freight indices, does not rely only on reports of actual business done—known as fixtures. It also includes assessments by a special panel of shipbrokers, selected by the Board of tha Baltic, of notional freight rates they think would be charged in the absence of any actual business being reported.

This means that every day, a balanced assessment of the trends in freight rates is provided even though there may not be any reported business on some of the routes included in the index. The Baltic is in a unique position to compile this kind of daily index since its member companies deal internationally 24-hours a day and are thus able to bring in information from all the other trading centres.

Confidential

The Baltic Board of directors has appointed a panel of brokers, eight at present, who can be changed at any time, to give each morning individnally on a strictly confidential basis their rates for tha 13 different dry cargo routes that make up the Index.

The panel members can give either an A rate based on actual business done which can be checked and indentified, or, alternatively, they can give a B rate for the routes where no fixtures have been concluded since the previous day.

All these submissions go, before 12 noon, to the special Baltic freight market reporter, who is able to ensure the rates have not been reported before, and then has the raw data for tha computer to prodnce the Index by 1 pm. In fact, 27 different figures are prodnced each day, the Index itself and the indices and average rate per tonne for each of the 13 different routes.

The routes chosen to be inclnded in the Index were carefully selected after considerable testing to be the most accurate reflection of activity on the dry cargo spot market; the Baltic reserves the right to change their composition in accordance with changes in shipping patterns.

An important point is that the routes were selected to provide regular, and reliable, information on the spot market only; they do not include the large percentage of freight covered by long-term contracts.

Thus although iron ore is by far the biggest commodity transported in voluma terms with an estimated annual tonnage of 234m tonnes, it has a low weighting of only 5 per cent in the Index since most of the business is done under long-term contracts.

Coal and coke, the second biggest tonnage traded after iron ore, with nearly 181m tonnage a year has only a 20 per cent weighting because again mnch of this is done on long-term contracts or time charter (when the charterer leases the vessel for a fixed period) and not on the spot market.

The biggest user of the spot freights market ara grain shippers, so grain has by far the biggest weighting in the Index with five out of the 13 routes and a weighting of 65 per cent of the total.

The other rontes in the Index are taken up by sugar, potash and phosphate rock.

Any index, representing a variety of different inputs, obviously cannot be an accurate reflection of its individual parts —it is an average. It will thus provide a far from perfect hedge with the possibility of the user losing on both the physical and futures transaction, if his particular freight rate moves in the opposite direction to the Index.

The small user, hedging only one ronte, will be especially vulnerable to this happening. However calculations by several leading brokers, who have computed the BFI back over several years before it started, show that it generally has a reasonably close correlation with all kinds of routes, even those not included in the Index.

Judgment

The potential user of the Index will have to make a judgment whether an imperfect hedge is better than tha dangers of no hedge at all. Most brokers will be offering a service whereby the potential user can work out his risk exposure allied to the Index and what protection ha can expect to achieve.

The BFI, apart from providing a base for the futures exchange, is expected to play an important role in indicating the overall trend in the spot freights market. It is hoped that more shipowners and charterers will be encouraged to release information about "fixtures" concluded to help ensure that the Index properly reflects the movements in the spot freights market.

Tradition dies hard, however, in a conservativa industry where confidentiality is almost second nature. Nevertheless, tha Baltic Exchange believes it bas come up with an Index that cannot be manipulated and gives a fair reflection of at least the underlying trend in freight movements.

The Sanko Hibiscus (left), one of the run of new bulk carriers that has helped keep Japanese yards busy but will add to the market's tonnage surplus. Right: test tank model of Norwegian Caribbean Lines' futuristic Phoenix project for 5,000 passengers. NCL's vessel of the future may never be built; it is about to order a less ambitious ship

Profits looked for in the scrapyard

Shipbuilding

SHIPBUILDERS ARE turning their attention increasingly these days to the idee of breaking vessels up. Not that the world's shipyards are ebout to turn to the messy business of demolition.

But with more ships around than are needed to carry available cargoes—a situation that has lasted longer than shipowners care to remember—ways of shedding the surplus are being studied barder than ever.

Even the Japanese and South Koreans, the world's major shipbuilding netions, are taking an interest in scrapping, or et least in promoting its increase. Taiwan is the biggest demolisber of unwanted sbips, with Korea and Pakistan also prominent. Attempts are being made to establish yards nearer to the Atlantic, such es in Liberia.

There can be few more unpleasant sights for anyone in the maritime industry than that of ships being taken apart. In Pakistan, shipbreakers have turned Gadani Beach, a good hour's drive from Karachi, into a sleughterhouse for cast-off ships. Gutted hulls lie like empty carcasses, their discarded equipment scettered along the shore.

From a distance, the beach is just a long line of hulls, masts and superstructures. Closer to, the ships can be seen balf cut open and being slowly taken epart from the bow. They lie with gaping boles open to the beach. They are first steered bard on to the sbore and then pulled further up as the breaking makes them lighter.

But despite the activity, high government duties and competition from the big new steel mill neer Karachi have eroded the breakers' profits from scrap.

At Gadani, because of the barsher business climate, they do not break up VLCCs (very large crude carriers) any more. A few years ago, more than 20,000 people, mostly Pathans from the rugged north-west, worked et Gadani. Now, around 10,000 are employed, living in squalid ships' timber buts on the site.

Last year, the pace of scrapping slipped. The world demolition total was about 30m deadweight tons against 33m in 1983, including tanker tonnage of 21m against 26m dwt. Many owners decided against screpping, boping vainly that freight rates might improve. This year, scrap sales have accelerated; several tankers went for break-up after they suffered war damage in the Gulf.

It will be a long time before enough ships are scrapped to restore equilibrium to maritime markets. Ships are more efficient end cbanges in oil treding patterns beve made many VLCCs and ULCCs (ultra large)—49 were scrapped last year — redundant.

Where the orders are going

	(m gross tons) Orders at Dec 31 1984	Changeover Sept 31 1984
Japan	13.1	(−1.2)
South Korea	5.8	(+0.3)
Brazil	1.5	(+0.05)
Poland	1.2	(+0.005)
Taiwan	0.9	(+0.1)
Spain	0.9	(−0.05)
Denmark	0.8	(+0.06)
U.S.	0.6	(+0.3)
West Germany	0.6	(−0.1)
World total	30.7†	(−0.7)

......* Measures capacity rather than full cargo weight. † Order total compares with 32.6m et end-1983. Peak was 133.4m in March 1974.

Source: Lloyd's Register of Shipping.

Hence the notion, promoted by the London-based International Maritime Industriee Forum, of getting Asian shipbuilders' support for a speeded np demolition programme.

The Japanese, wbose shipbuilding yards suffered a large drop in orders last year, certainly took an interest and intend to make a full and rapid study of what can be done. Drewry Shipping Consultants of the UK have put the world tanker surplus at a staggering 112m dwt, or 42 per cent of the current tonnage supply of 264m dwt (with VLCCs and ULCCs) making up over half the total.

There has been a surplus since the early 1970s, when big tankers were built et a furious pace. The oil crisis soon put them out of fashion, a jolt to wbich shipbuilders bave been trying to adjust ever since. In view of the surplus, said the Japanese delegation to a key Hong Kong meeting held by IMIF, "no bope can be beld for normalisation of the ever-dwindling markets for shipping and shipbuilding."

A chill assessment indeed, and it remains to be seen if the rate of demolition will grow as fast as the IMIF would like. A sum of $100m-$150m has been estimated as the likely cost of the programme, including subsidies to lift scrap prices, finance new fecilities, and encourage banks to send ships to the breakers.

Japan, accounting for more than balf of world shipbuilding output, saw new orders plummet by 42 per cent in the fiscal year to end-March, 1985. This was mostly a reaction to the previous year's sharp boost from the huge order from Sanko Steamship for 125 bulk carriers; some foreign lines also ordered such ships.

But the industry and the governmant are now considering what sort of future the industry has. "No recovery of demand is likely in the near future," according to e sombre report from the Jepan Foundation for Shipbuilding Advancement.

Describing the industry's position as "adverse," it reckons that some 20 per cent of its capacity was superfluous. Increased productivity and slack long-term demand would increase tha figure.

The Koreans, with 15 per cent of world capacity, beve also found thet new orders for their facilities—vastly expanded in recent years—are harder to come by. There beve been some big orders for Asian yards, notably from container shipping lines, several of which have big expansion programmes, but overall order levels are poor.

Prices for new ships have virtually reached rock bottom. After falling nearly a tenth in 1984, they are now more than 40 per cent below 1981 levels. Over-capacity, put at about 40 per cent a couple of years ago, bas forced many major shipbuilding countries to finally grapple with the industry's problems.

In the UK, once e world leeder but now accounting for less than 2 per cent of output, thousands of jobs have been cut in an attempt to reduce losses and the need for subsidies, as well as to raise productivity and win new orders. There bas been some success. Yerds of British Shipbuilders in Scotland and north-east England have won major orders, while Harland end Wolff in Belfast has also pulled in a large volume of work.

Elsewhere in western Europe, accounting for a fifth of output, the drive to reduce capacity and stem losses is elso on. In West Germany, the hig AG Weser yard in Bremen shut last year.

Spain, long reluctant to act, is ready to close large chunks of capacity. Italy and France are also cutting beck. Another yard is being closed in Sweden.

Even in Finland, with a supreme reputation for cruise ships and a healthy order flow from the Soviet Union for cargo and ice-breaking vessels, the problem of finding enough work has to be faced.

Jepanese yards are now keen to huild passenger vessels. Among the newer shipbuilding nations, China is flexing its muscles. However painful the thought, it is not too surprising thet attention is focused more and more on scrapping.

Huge tonnage of surplus tankers

Fuel shipments

SEABORNE OIL transport stopped falling in 1984 after four years of decline. But for e tanker market that has been depressed for 10 years, this was small consolation. The massive volume of surplus tonnage overhanging the market, notably in tbe big ships, continues to cloud any bopes for the near future

Gas shipping markets are elso mainly weak, with rates for shipowners low and many major projects unfulfilled. Not quite so gloomy is the offshore market. But even here, past ambitions beve led to the building of too many supply ships and rigs. Consequently, rates have also stagnated, though the mobile rig market is now more buoyant.

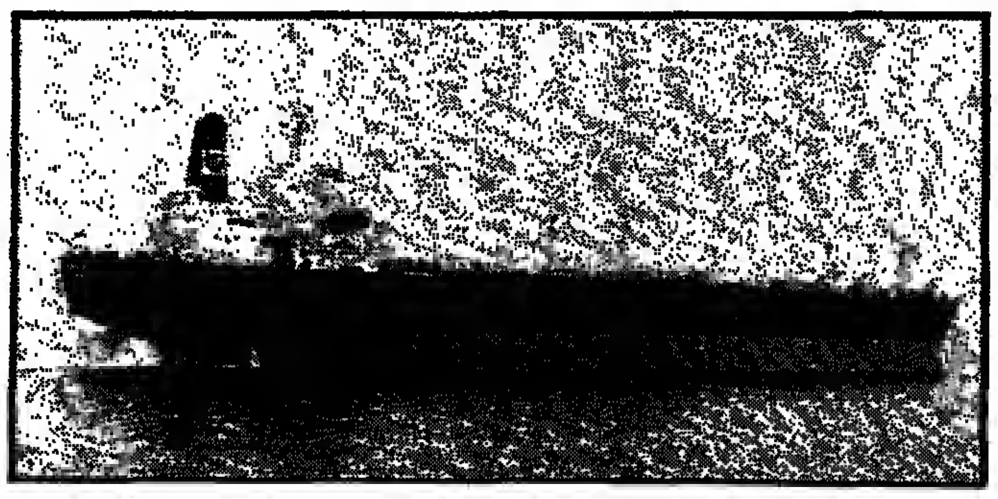
Oil shipments are estimated to have grown by some 2 per cent last year, while the tanker fleet went down around 6 per cent. Logically, it may seem, freight rates should beve risen. They did, a little. But too many ships spell inadequate returns. Despite some rate flurries, especially with the increased risks during the Gulf fighting between Iraq and Iran, the 1980s have seen little overall movement in rates.

High point

Since 1978, when the world's tanker fleet touched its high point of 330m deadweight tons, there bas been e drop of about e fifth to just over 260m dwt. During that period, noted shipbrokers R. S. Platon of Oslo, some 44m dwt was added to the fleet, while 109m dwt was scrapped or lost. Scrapping has speeded up in recent years, though last year saw a fall, but a large number of older vessels remain.

As many as 50m dwt of tankers, mostly VLCCs and ULCCs (very large and ultra large crude carriers of more than 200,000 and 300,000 dwt respectively), are laid-up. The problem is that when rates show signs of rising, some ships come out of lay-up to act as a reoewed depressant on earnings. In all, the tanker surplus has been put et over 100m dwt.

There are still some 500 VLCCs and ULCCs in the world fleet. Of these, reckoned Mr Michael Champness of London brokers John I. Jacobs, "it is probably fair to say that tbere is only work for 300." Around 140 are laid-up, some 25 ara hanging bopefully around the Gulf waiting for work, while slow steaming by owners to save fuel and take account of market slackness accounts for another 40 or so.



The British Skill, built by Harland and Wolff in Belfast, is one of British Petroleum's most recent tankers. BP, which used to make losses of some £30m a year on shipping, cnt this to £19m last year and hopes soon to end its long spell in the red. It has cut down its big tanker fleet, now concentrating on more specialised shipping and offshore support services

The fall in Opec production and exports has certainly not belped the tanker market, since it is the long-haul routes from the Gulf to the East and West that provide much of the work for the VLCCs and their big sisters. The switch in recent years from Middle Eastern crude oil to supplies from Mexico and the North Sea has been a key factor in the fall in seaborne oil trade, es bave increasing trends towards energy conservation and saving.

Thus is looks like being several years before most tanker owners can expect to see climbing rates, probably not until the 1990s. Overall oil consumption is likely to continua rising, with e possible 2-3 per cent increase during 1985 in demand, including stock buildnps. Opec's shara of non-Communist oil supplies should gradually increase after dropping to less than 40 per cent in the past couple of years.

Oil shipments could thus, felt Platou, move np by between 4 and 6 per cent this year. If scrapping remains et present levels, the tanker fleet will fell by a further 5 per cent. (The first few months of 1985 saw an acceleration in the pace of demolition sales.) Rising demand and falling tonnage should take 20-30m dwt out of the surplus of more than 100m dwt.

This is certainly no grounds for optimism, but Platon expressed the bope that rates could start to improve—"provided that the forecasts hold good." Looking much further ahead, the Norwegian broker estimeted that oil shipments could grow an average of 1-2 per ceot yearly in tons (twice as much if measured in ton-miles). Since the strong growth in non-Opec output is ending, further growth will bave to be met from Opec oilfields, thus helping owners on the long routes.

But two factors still militate against the big tankers. A good deal of Middle Eastern oil, crude and refined, now goes through the Sumed and Yanbu pipelines from Iraq and Saudi Arabia. Both have been operating below capacity. Secondly, much oil now goes through the deepened Suez Canal in fuel-efficient ships of 150,000 dwt or less instead of round the Cape of Good Hope in VLCCs.

In the gloomy days after the oil crisis of the early 1970s—most of today's supertankers were ordered before the bubble burst—the attention of many energy and shipping experts turned to gas as a fuel that would soar in demand. But the hopes of high shipping profits from LNG and LPG (liquefied natural and liquefied petroleum gas) bave mostly proved in vain.

Forecasts

Spending on new large LPG carriers of more than 25,000 cu metres capacity in the last 10 years has totalled over $3bn, said Lev Sychrava Associates, a UK consultancy firm. Three-quarters of the fleet is now less than 10 years old. But forecasts of demand beve been progressively scaled down, as the market has turned increasingly erratic. Prices and supply have fluctuated, in line with Middle Eastern, mainly Saudi Arabian, output switcbes.

Instead of the monthly earnings of at least $600,000 needed for an LPG ship to make a modest return, recent levels have been only around $200,000. Britain's P & O group has had e hard time making its LPG fleet pay its way, while Gazocean of France bad to restructure its finances to evert losses through unprofitable charters.

The LNG market, with its big capital commitments and complex sboreside plants, bas left a higger trail of disaster. Said Lev Sychrava: "The history of LNG is now littered with ebandoned and postponed projects." The ships themselves, with their special insulated tanks—methane boils et minus 165° C—can cost np to $200m each and the processing plants vastly more.

At the start of 1985, there were 70 LNG ships in the world fleet, 45 of them between 120,000 and 135,000 cu m. Those in this largest-size category, being less flexible, cannot easily be switched into other trades like LPG or ethylene. Gotaas-Larsen, the Bermuda-based gas shipping company, listed 23 LNG ships (including one of its own) waiting for work in January, most of them large.

Six were from the original El Paso fleet. This company wanted to import gas from Algeria to the U.S., but tha project was cancellad in 1980 after disagreement over the price of the gas. Because of the financial and operational complexity of LNG projects, there are only 10 mejor liquefaction plants: three in Algeria, two in Indonesia, end one each in Brunei, Alaska, Libya, Malaysia, and Abu Dbabi. Japan is by far the biggest world LNG importer.

At the opposite end of the energy-related shipping scale, owners of supply boats serving the offshire industry beve elso been having a bard time. But the number of rigs in the North Sea should rise 10 per cent this year, giving more chances of work. The trend is to greeter use of ships above 10,000 brake horsepower, eble to move rigs' anchors. At the end of 1984, there were 36 on long-term contracts; e year before, it wes only 10. Here, at least, shipowners could have aome cause for cheer.

THE ARTS

Galleries/William Packer

After 75 years, it's still gentle persuasion

Though we would all wish for governments to do more to foster and sustain our own favoured interest in rude good health, we know full well that something must be done in the meantime to keep the substance of that hope alive. We remain what we have long been, a society of societies of mutual support and self-help, keeping our especial beggar on his feet and in sanguine expectation of an eventual ride.

The Contemporary Art Society is just such a group, founded "to promote the development of contemporary art and to acquire works by living artists for gift or loan to public galleries": and this year, by a small exhibition at Sutton Place (until August 25), it marks the 75th anniversary of that commitment to providing a grateful public with what it does not yet know, but will surely come to see, that it wants. We all know what people generally think of modern art: yet it takes only a careful reading of the labels of almost any permanent municipal collection to discover the recurrent inscription "Gift of the Contemporary Art Society," and to realise the usefulness of such persistent, percipient and gently persuasive generosity.

Over the years some 3,000 works of art have been bought and reallocated in this way and, at the last count, there were 110 subscribing galleries, all of them still more or less supported by public funds and all as hopeful of a gift as ever. They range in size and importance from such national institutions as the Tate to the smallest local museum and gallery, and each one is entitled to submit its choice of the present crop for the society's adjudication whenever enough new works have accumulated to make a general distribution worthwhile, or the store-room has burst at the seams.

The purchase fund is maintained for the most part by the subscriptions of individual members, topped up by corporate sponsorship and money-spinning events of various kinds, art fairs and studio visits and members' tours abroad. With two or three buyers appointed from the executive committee every year, each with a five-figure budget, just about—which at today's prices hardly goes very far—the distribution comes round every three or four years, and indeed the next is to take place at Christie's next January. Here I must declare my interest, for with Dr David Brown, of the Tate, I was a buyer in the first year of this latest cycle.

The buyer is entirely free to spend his budget how he pleases, on one work or on 50, though naturally certain constraints suggest themselves, of size, practicality and kind. A particular area of activity might have been ignored of late, perhaps, or overdone; and with art, as with other things, there can be such a thing as a white elephant.

But one way and another the ground gets covered in a given period, and a fair sample taken through the eyes, tastes and judgments of the several buyers of what has lately been done. And there are to this *ad hoc* manner of collection the added virtues of flexibility, which allow an immediate response to a particular opportunity, or action upon a purely personal intuition or hunch. Thus, a public collection might acquire by gift a work it might dearly love to own, but the different ordering of its own priorities could not then afford to buy.

Artists in the first flush of promise and early reputation benefit notably in this way, and so also do many of more solid achievement who have yet been passed over for public recognition by the march of fashion or the arbitrary shift of critical attention elsewhere. For myself, I made no absolute rule, but made a point of looking to artists who had not been bought by the society in recent years, if they had been bought at all.

The show at Sutton Place is quite small, only 34 works of assorted painting, print, sculpture and fine craft in all, four or five from the bag of each buyer since 1982 to show the scope of the society's work of acquisition, and to offer a delicate foretaste of the richer feast to come in January.

The number of very well-known and established names includes Gilbert and George, Craigie Aitchison, Roger Hilton and John Walker, and Leon Kossoff, too, who is one of our most distinguished painters and yet not so celebrated as he deserves to be. The sculpture includes work by Michael Sandle, William Pye and John Maine, all of them in mid-career and reputation; by Kate Blacker and David Mach, of more recent arrival; and Dhruva Mistry, whose extraordinary spotted centaur-like Creature indeed holds the centre of the stage.

Of the younger painters, Tricia Gillman, Erica Lansley, Graham Crowley and Stephen Farthing are especially notable, and John Carter, Maggi Hambling and Stephen McKenna among those a little older. There are chairs by Robert Williams, bowls by Carol McNicoll and Jim Partridge, a magnificent etching-cum-relief construction by Oleg Kudryashov, an emigré Russian artist working in this country — and so the list goes on.


An untitled 1974 gouache by Roger Hilton on show at Sutton Place.

The house itself does not make the art, of course, but it must be said that the interest afforded by the work is most pleasurably complemented by its setting. *Pace* a certain gardening don, new art does go very well with old walls, and a visit now to Sutton Place, just this side of Guildford, has even more to recommend it (visits 10 am to 4 pm by appointment —ring 0483 504 455).

The most pertinent encouragement to any artist is the direct purchase of his work, but he is comparatively rare who can live upon such practical support. The eternal problem is how to subsidise serious creative activity; and its resolution is all too likely to present an equally eternal dilemma, for time is short and studio space and accommodation grow ever more expensive and artists must eat. The Air and Space Organisation (Art Services Grants Ltd) was set up as a charitable company in 1973 as the direct successor to the Space Studio initiative that Bridget Riley and others had taken in the late 1960s at the old St Katharine's Dock.

Its business is now four-fold: to continue with that supply of practical accommodation to working artists by making studios available at low rents in the buildings it owns or leases; to run the AIR Gallery at its headquarters in Rosebery Avenue where the work of its member artists, who have yet to enjoy a major one-man show in London, may see the light of day; to arrange workshops and educational projects of all kinds with the direct co-operation of schools and colleges; and to explain what it does to all who are interested.

To precisely this last effect, a documentary exhibition occupies both floors of the gallery until the end of this week, May 4, but it is fair to say that it is all well evident in everything that Air and Space does. Five artists show their work upstairs, and each includes a brief account of circumstances and working practice. All of them are comfortably under 40; and though each one has now been working seriously and long enough to win a substantial track record, only one of them, Alexis Hunter, is at all widely known within the art world. And always there is the old refrain: that the work done to afford to work takes up the time in which to work.

Downstairs is the more general documentation, and an appeal to join the Friends of Air and Space at £10 a year. Funds, donations and sponsorship for general or particular projects are constantly sought; and if anyone hears of substantial property to let for less than £1.50 per usable square foot per year, please let the Director know. Old warehouses, schools and factories make perfect studios; and with 24 properties now on the books and several hundred artists set up, the record as a reliable tenant is long and honourable.

Scottish Opera's 1985-86 season

Scottish Opera's new season next year will consist of 10 operas, with five new productions, four revivals. Also, the 1984/85 production of Handel's *Orlando* will be repeated on tour.

The new productions will be *La Vie Parisienne* by Offenbach in a new English translation by John Wells. This is a co-production with New Sadler's Wells Opera, whose share is sponsored by Citibank.

Oberon by Weber also has a new translation by Anthony Burgess. Weill's *The Rise and Fall of the City of Mahagonny* is a co-production with Opera North. *The Marriage of Figaro* by Mozart is a John Cox production designed by Scottish painter and playwright John Byrne. *Il Trovatore* is another co-production with Opera North

Designing for dance in Italy

Choreographers doubling as designers stood out in the Italian dance scene during the third weekend in April (and with designs for ballet coming a cropper in London recently, perhaps English choreographers should be encouraged to follow suit). The mind reels at the thought of designers trying their hands at choreography, but some choreographers have been showing greater mastery of their secondary medium: for instance, Germinal Casado, whose Ballet Danza Viva company from Karlsruhe gave two performances of his entertaining *La Belle Otero* at the most enterprising of Italian opera houses, the Teatro Municipale Valli in Reggio Emilia.

In this two-act show, which amounts to a series of vignettes loosely based on the loose life of the Spanish dancer-courtesan, Casado demonstrates a rare talent in the use of colours, the well cut costumes being a constant delight to the eye. The scenic projections that take the place of a backcloth are also excellently selected to whisk us round Otero's glittering world of courts, receptions, grand restaurants and assemblies.

Casado possesses a strong sense of theatre, which enables him to choose the episodes skilfully. These include the subject's humble beginnings and her bare-bosomed duel with a rival, as well as a scene with some of her most illustrious lovers, Edward VII, Kaiser Wilhelm II and a Russian Grand Duke among them. The title role being allotted to a different dancer in every scene means that we never go below the surface; nor does the stream of popular classics (on tape) encourage us to do so. The choreographer's Argentinian background ensures authenticity in the several Spanish dances and the company—of several nationalities—is evidently well-trained, the dancers being attractive, likeable and expressive; but the choreographic range is limited, involving excessive repetition.

The repetitiveness is wholly intentional in Andrew De Groat's new work, *Jungle*, created for the Scala Ballet. The luxuriant foliage of his jungle scene, designed in collaboration with Michael O'Rourke in shades of green and blue with occasional streaks of pink, matches the costumes and artfully contrives not to smother the dancers, who seemingly represent jungle creatures, particularly birds. They are stretched to the limit by the modern-tinged classical vocabulary of the movements, including tests of balance that are reminiscent of Merce Cunningham. The score of unnamed dancers emerged well from the trial, however, even if at times the effort became visible.


Alastair Muir

Jimmy Yuill, Katherine Rogers and Sarah Berger in the RSC's "Golden Girls," which opened last night at The Pit in London

This opening work was by far the most interesting in the programme presented at the Teatro Nazionale, where the small stage prevented De Groat from playing with space as he did in his *Nouvelle Lune* Debussy pas de deux at the Paris Opéra. That choreography set very different music: *Jungle* is accompanied by Gérard Grisey's electronic *Partiels*. There is no orchestra pit at the Nazionale, where the players would in any case have had little to do as Domy Reiter-Soffer's Lorca-inspired, steamily dramatic *Yermo* (again with designs by the choreographer) also uses an electronic accompaniment, by George Crumb; while apparently Hans Van Manen insists on the use of Christoph Eschenbach's wilfully slow recording of Beethoven's *Hammerklavier* sonata for his contorted *Adagio Hammerklavier*. This leaves only *Five Tangoes*, with its awkward bandoneon. The use of tapes has, therefore, to be condoned, and thus by extension the temporary banishment of the dancers from the opera house, though it is a pity a more central theatre could not be found.

Even if the programme is an ill-assorted one, it has the merit of working the dancers hard, particularly as the number of performances (a dozen) is unusually high. With Roland Petit's *Les Intermittences du coeur* and a *Romeo and Juliet* revival running at La Scala concurrently with the modern programme at the Nazionale, Rosella Hightower must be congratulated on keeping the company busy. Since rumour has it that, on her departure at the end of the year, her place will be taken by Vladimir Vasiliev, we must make the most of Hightower's incursions into the byways of the Western repertory.

Freda Pitt

Madam Butterfly/Coliseum

Richard Fairman

Madam Butterfly may have spent three years waiting for Pinkerton to return, but she rarely has to hold on that long for a revival at the Coliseum. Barely seven months since English National Opera launched its new production by Graham Vick, here she is again, embarking on another long series of performances.

So short a break brings its rewards. The key members of the cast are still there and now they are able to approach their work with the greater understanding that experience of the production inevitably brings. John Mauceri, the conductor, has used the time to judge the theatre's acoustics and find a still finer grasp of Puccini's orchestral sonorities; and for Janice Cairns, who was thrown into the title-role at such short notice the first time round, it has been a valuable period for consolidation.

She is not by nature a Butterfly: as in her other ENO roles, there is an underlying feeling of stability and maturity that is not well suited to fragile heroines, but here she has learnt to counter it with playing of real drama the intensity. Her final scene was emotionally draining, as well as being sung with immaculately clear words and free, full tone. Such a combination of vocal beauty and stamina is a rare find in this part and the company must consider itself very fortunate.

Among her colleagues there were some new faces, including Malcolm Donnelly as a sturdy, irascible Sharpless and Terry Jenkins, a wheedling Goro. Della Jones was a stong and aggressive Suzuki, making much impact in the role. Rowland Sidwell's assumption of Pinkerton, however, was more problematical, for while his voice remains a splendid instrument, full of natural ring and vibrancy, his confidence in it seems to be rapidly waning. By the end of the climactic trio he was virtually in falsetto.

There is no doubt that this was a performance of all-round quality. But its most lasting value comes from the refusal of all involved to serve up the opera as a rag-bag of old clichés: the team still uses its own version of the score and adds passages (not always for the best) that were later cut by the composer; and equally it brings a fresh approach, strong on psychological motivation, to the work as drama. This is a good opportunity to catch the production at its peak.

Record crowds at Renoir exhibition

The recent Renoir exhibition at London's Hayward Gallery was the most popular show there since it opened 17 years ago.

It was seen by 364,430 people, averaging 4,500 a day.

Council's £345,000 boost for theatre

The Arts Council is to give the New Half Moon Theatre in London's East End a grant of £345,000, which includes £170,000 from the council's Housing the Arts fund to go towards the theatre's £1m rebuilding programme.

Berenice/Keele University

Stanley Sadie

Among Handel's 40 or so operas, the last of the mature ones to be revived is *Berenice*. He wrote it in 1737 and gave a mere four performances that spring; apart from a German revival shortly after, it has apparently slumbered undisturbed since then.

Keele University's ambitious attempt to play the Prince Charming to it was gallant if, in the end, unavailing. It would be easy to suggest that the opera's main weakness lies in a plot too feeble to have caught Handel's interest; but were that an important factor, several of the finest (*Sosarme*, for example) would be failures, too. Although the other two operas of the time of *Berenice* have happily withstood revival, we had perhaps best accept the traditional view that inspiration was running fitfully at this critical juncture in his life, when he seems to have had some kind of breakdown in health.

The music of the first act, especially, is short-breathed and oddly thin of texture (well, not so oddly: the opera house was losing money and presumably cut back on the orchestra). There is one aria where the violins happily depict swarming bees (well ahead of Rimsky), another in a charming dance rhythm. Handel, as often happens, becomes more involved with his characters in the second act, and there is more dramatic life—though curiously the finest piece is a big G minor aria that Handel himself replaced and never performed. The most remarkable aria in the opera comes in the final act, a brilliant though again sparse-textured duet for oboe and voice, worthy of any of Handel's scores. But nowhere in the opera does the music quite take command; even when it is at its best there is some sense of effort, even contrivance.

The Keele performance on Friday, done with an orchestra of modest skill sensibly directed by George Pratt, made several gestures towards authenticity: there were baroque oboes, and from the strings some baroque bows and non-vibrato playing; also, we had some well-judged ornamentation (which could serve as a model to people in higher places). Doubtless it is authentic, too, to produce a Handel opera very lightly; but to put even a non-production across, a slightly firmer touch than Frank Doherty's might have been in place. Jean Springall's costumes took note of the Egyptian setting, which probably is less authentic; the settings consisted of modestly, not very stylishly painted, side flats.

There were some promising young voices. Vanessa Scott sang engagingly and with spirit in the title role; as her sister, Selene, Christine Bates showed a full contralto and some well-finished singing, notably in her turtle-dove aria. I enjoyed, too, the attractively musical voice of Sarah Stobart as Alexander and Jenny Miller's nicely throaty mezzo in Arsace's music; and as Demetrius Simon Gay managed his large and accurate countertenor with considerable skill. The opera was sung in a fluent English version by the noted Handelian, Alan Kitching.

Stephen Bishop-Kovacevich

Andrew Clements

A solid, serious programme by Mr Bishop-Kovacevich in the Elizabeth Hall on Sunday afternoon. The works before the interval seemed to be tinged by the profundity of the account of Schubert's B flat Sonata D.960 which followed it, so that both Bartók's *Out of Doors* Suite and a Chopin group were revealed in a sometimes unexpected light.

Bishop-Kovacevich's Bartók is invariably carefully considered; on this occasion, though, it was possibly a little lacking in flavour. There was a savage, unyielding edge to the outer movements of the suite, a straightforwardly lyrical "Barcarolla," and acidic "Night Musics," not the impressionistic half-lights one conventionally expects in this kind of Bartók movement, but something much cleaner and sharply profiled. A pair of Chopin nocturnes and three mazurkas also favoured inner strength — tense polyphony rather than surface allure— while the Barcarolle was firmly directed towards a passionate climax with a tone that was always direct rather than alluring.

For the first movement of the Schubert sonata the basic tempo was relatively brisk, yet continually flecked with nuances which served to nudge it this way and that. Bishop-Kovacevich paid particular attention to the movement's points of articulation — the transition between the two statements of the exposition, the close of the development, the coda — to which he transferred the weight of the argument.

Thereafter he continued to illuminate, if not always to present the music as a unity: building a grandiose statement out of the central section of the Adagio, finding a disarming left-hand staccato in the trio of the third movement. Even if one was not convinced by every detail, the thoughtfulness behind it was most impressive.

Arts Guide

Music/Monday. Opera and Ballet/Tuesday. Theatre/Wednesday. Exhibitions/Thursday. A selective guide to all the Arts appears each Friday.

Opera and Ballet

Apr 26-May 2

PARIS

Alceste – alternates with Soiree de Ballets to music by Berlioz and Lully in Rudi van Dantzig's and Francine Lancelot's choreography at the Paris Opéra (742 5750).

The very modern G.R.C.O.P. alternates with the Ballet School Spectacle. Opéra Comique (296 0611).

Hamburg Opera Ballet, choreography by John Neumeier, offers Mahler's 6th symphony in its first programme, Bach's Saint-Matthew Passion in the second and Mozart, Henze and Schumann in the third programme. Théâtre de la Ville (274 2277).

LONDON

English National Opera, Coliseum: Madam Butterfly, Graham Vick's interesting and rather exaggerated reworking of the Puccini original, returns with Janice Cairns in the title role, and the admirable John Mauceri as conductor. Further performances of the new Bartered Bride, better perhaps to look at than to listen to, and the Figaro revival with Florain Cerny, Cathryn Pope, and Jane Leslie Mackenzie. (836 3161).

WEST GERMANY

Cologne, Oper: Madame Butterfly with Yoko Watanabe in the title role and Juan Lloveras as Pinkerton. Carmen, sung in French, features Katherine Kuhemann in the title role and Josef Protschka in the part of Don José. Lohengrin has Nadine Secunde and Martti Salminen as leads. (20 761).

Stuttgart, Württembergische Staatstheater: Cav and Pag with Eva Randova, Carlo Cossutta and Grace Hoffman. Viva la Mamma with Wolfgang Probst and Hildegard Uhrmacher. Also Don Giovanni. (20 321).

ITALY

Palermo: Teatro Massimo (Politeama Garibaldi): The New York Harlem Opera Ensemble in Kern/Hammerstein's Show Boat – every day except Mon. and Wed. (584 334).

NETHERLANDS

Scheveningen, Circus Theatre. Debussy's Pelléas et Mélisande from the Netherlands Opera, directed by Filippo Sanjust, with the Rotterdam Philharmonic and the Opera Choir under Michel Plasson. Sheri Greenawald as Mélisande (Wed). (558 800).

BRUSSELS

Theatre Royale de la Monnaie: Tristan and Isolde, conducted by Sylvain Cambreling with Spas Wenkoff or James McCray as Tristan and Gwyneth Jones as Isolde. (218 1211).

VIENNA

Volksoper: Millocker's The Beggar Student; My Fair Lady; Lehar's The Count of Luxembourg; Giselle; The Barber of Seville (5324/2657).

NEW YORK

American Ballet Theatre (Metropolitan Opera House): Mikhail Baryshnikov and company, including Natalia Makarova, Cynthia Gregory, Patrick Bissell and Clark Tippet, dance a mixed programme from their eight-week repertory. Ends June 15. Lincoln Center (362 6000).

New York City Ballet (New York State Theatre): A new ballet by Jerome Robbins joins Balanchine and Robbins favourites, including A Midsummer Night's Dream, Firebird, La Valse and Apollo, in the company's two-month season. Ends June 23. Lincoln Center (870 5570).

WASHINGTON

Ballet West (Opera House): Local premiere of Lark Ascending is part of the mixed programme, alternating with Abdulla during the company's visit. Ends May 5. (254 3770).

TOKYO

Sankaijuku Buto (Japan's surreal avant-garde dance). Now based in Paris and the best-known group internationally, Sankaijuku have their homecoming in a month of performances throughout Japan – ironically where Buto is least known despite its Japanese origins. Both the dance form and the Japanese attitude towards it (initial disapproval, now officially-led efforts towards acceptance), provide interesting insights on Japanese psychology). A beautiful and poetic performance full of memorable images – and not at all grotesque. Kani Hoken Hall, Gotanda. (Mon 2pm). (499 0374).

Saleroom/Antony Thorncroft

Sotheby's for Singapore

Sotheby's is to open an office in Singapore next month which will act as a go-getter for business in South-East Asia. It will not hold sales—at least, not in the short term; but, of course, if anything goes drastically wrong in Hong Kong it will be comfortably on hand to pick up the pieces. Singapore basically signifies Sotheby's growing interest in the new rich of Asia and their buying and selling potential for antiques.

The millionaires of Singapore, Malaysia, Indonesia and Thailand are mainly interested in Chinese works of art, and jewels (although they may, like the Japanese, develop a taste for Impressionist and modern pictures). At the moment the Chinese market is fairly strong, with some important sales on the horizon to test demand.

On May 21 in Hong Kong, Sotheby's is selling ceramics to benefit the J. T. Tai Foundation, followed by a general sale. It should do well. Over the past decade the market has seen a sharp fall from the heights of 1974, followed by a slow price rise later in the 1970s, a levelling-off again early in the 80s, and now a gentle upward movement.

Some sectors, such as the earlier works—like archaic bronzes—and Chinese paintings and sculpture avoided the boom and subsequent fall and have progressed steadily; and, in the main, the building-up of collections by the Hong Kong, Taiwan and Singapore Chinese, and, to a lesser extent, the Japanese, of Ming and Ch'ing ceramics has continued regardless of political tremours in Hong Kong.

The Tai sale contains some interesting flower pots from the Song Imperial court, which should top £100,000 each, and two 14th century figures with a red underglaze which are completely unknown elsewhere and should also top £100,000.

More to the point, Sotheby's is avoiding selling the low and medium quality early grave goods which have appeared in Hong Kong in great numbers in the past year or so, with a depressing effect on prices. The archaeological activity in China is destabilising prices for Tang, Han and Song grave goods at the more mundane levels of the market, but it is unlikely that there will be any major finds of the later Ming dynasty to unsettle prices among blue and white porcelain.

Sotheby's is holding this spring its best collection of auctions of Chinese works of art for some time. As well as the Tai ceramics, Chinese paintings from the same source will be disposed of in New York, and, on June 4, the New York sale of ceramics from the Hu collection should delight buyers.

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Key to change in education

THE recriminations being exchanged by politicians and unionists over the teachers' pay dispute serve only to camouflage an enduring obstacle to improvements in education. In spite of the state network's abundance of administrative bodies and procedures, it lacks effective management through which cohesive reforms can be carried into effect.

Until the managerial gap is filled, political parties' pledges of educational changes should properly be sold as fiction. Labour's latest policy statement, for instance, consists in large degree of updated repetitions of pledges the party published two years before it began its last term of office. The same can be said of the Government's recent White Paper reiterating Sir Keith Joseph's promises of better schools. Apart from piecemeal developments, all we so far have for the Education Secretary's admirable intentions is a second successive year of disruptive action by teachers' unions over pay.

The main part of the network directly supervised by local authorities, which consists mostly of schools, is officially described as "a national service, locally administered." The reality is rather the other way round. The individual areas' education committees nominally decide how much of their funds to spend on what. But in trying to make changes each local committee has to contend with nationally organised unions, and few contend successfully.

Unproductive

While the quasi-independent educational inspectorate has sometimes criticised cuts in central government's funding of education, the inspectors have more often blamed local authorities for unproductive use of the money that is made available. They have been criticised, for example, for failing to make room in their budgets for the replacement of departing teachers of mathematics and other subjects in which schools are short of specialist skills. A prime reason for such failures is that local committees defer to the insistence of national unions that priority in expenditure is given to the continued employment of their members regardless of whether their specialist skills are surplus to the area's requirements.

Their power to block developments informally in separate localities is reinforced by the power held formally at national level by the unions' representatives in the established negotiating procedures. For schools in England and Wales the negotiating body is the Burnham Committee, whose employers' side consists largely of representatives of associations of local authorities plus a minority from central government.

The unions' side of Burnham is controlled unilaterally by the National Union of Teachers. By insisting that the committee may negotiate only pay, the NUT is ruling over other unions in blocking a possible way out of the dispute. The possibility is a rise larger than the 4 per cent offered which would be tied to changes in job conditions on lines proposed by the local authorities so as to allow greater flexibility in the recruitment and employment of school staff.

The NUT's blocking ability is matched by a similar negative power in the hands of the Education Secretary. The employers' negotiating stance is notionally decided by the majority of local authority representatives, with those of central government confined to an advisory role. But Sir Keith can limit the employers' scope by restricting the suply of Treasury money on which local authorities increasingly depend if they are to pay teachers an increase without cutting other services.

Like the NUT, the Education Secretary is evidently using his negative power to frustrate progress while hiding behind his lack of foraml power to prescribe a way ahead. He has repeatedly said the Government might finance an unspecified extra rise if local authorities and unions proposed unspecified changes in job conditions which met his unspecified requirements. But he insists that it is not his place to state his offer clearly enough for local committees to canvas it among teachers in their schools or for unions other than the NUT to do the same among their members.

The only way to stop the disruption of schools from dragging on like the miners' dispute with further damage to teachers' already wretched morale, is for Sir Keith to take the managerial responsibilty of spelling out the Government's terms. He could then go on to take similar initiatives in other parts of the education system. At persent the only power anyone has is to prevent productive change.

Marxism's failure in S.E. Asia

TEN YEARS ago today a Soviet-made T54 tank driven by a North Vietnamese smashed through the gates of the presidential palace in Saigon. Ho Chi Minh's sandalled warriors had driven the U.S. into a hasty and undignified withdrawal from South-East Asia after 1,000 days of war. Americans, defeated and disillusioned, went home to begin a painful reappraisal of their country's role as defender of the Western way of life across the globe.

That same year Laos and Cambodia fell to the communists. South-east Asia watched with apprehension as Uncle Ho's vision of a communist federation of Indochinese states began to take shape.

It seemed then that President Dwight Eisenhower, speaking 21 years earlier as communism appeared poised to engulf the Korean peninsula, had been right when he warned that free states would fall like dominoes before Marxism. This fear was reinforced by the fact that China, although more benign than 10 years earlier, was still actively supporting revolutionary movements in non-Communist South-east Asia where economic success had yet to underpin political fragility.

Yet both President Eisenhower and those South-east Asian leaders who predicted that Communism would overrun Burma, Thailand, Malaysia and Indonesia have been proved wrong.

No more dominoes have fallen to the Vietnamese. The Communists have all but been defeated in Thailand, Malaysia and Indonesia. The six-nation Association of South East Asian Nations has helped turn the region into what is probably the greatest area of economic opportunity in the world. East Asia is America's biggest trading partner and Asean its fifth biggest. True, some states such as the Philippines, face serious internal problems as the next generation of leaders emerge and the transition could be difficult. But, overall, South-east Asia's non-Communist countries are more prosperous and stable than could have been imagined 10 years ago.

This is in sharp contrast to the situation in Communist South-east Asia. Vietnam is in desperate economic straits. Hundreds of thousands of Vietnamese, shocked and disillusioned by what Communism has brought them, have fled the country, often risking and losing their lives. Vietnam remains bogged down in a war it cannot win in Kampuchea where guerrillas, backed by Asean, China and the West, nibble away at the precarious stability of a regime which has no mandate.

Laos, where 40,00 Vietnamese troops are stationed, lives on the breadline and is being drawn, increasingly, into Hanoi's orbit. Behind them is the Soviet Union, which pays a heavy economic price for the use of Da Nang air force base and Cam Ranh Bay naval base as staging posts for its attempts to match U.S. military power in the region.

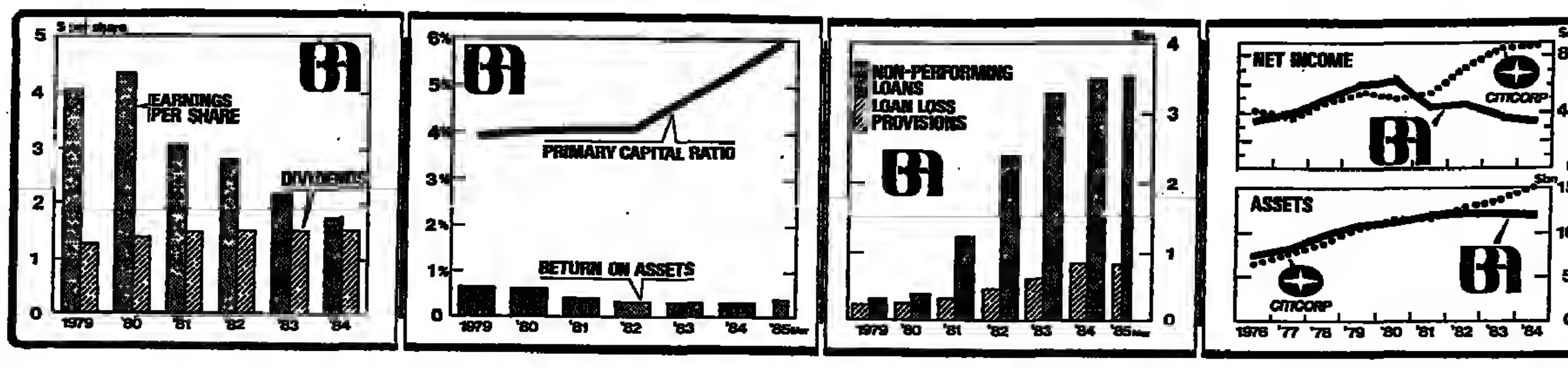
Vietnam is more dependent on the Soviet Union than it would like to be. It is, at the same time, at odds with its most powerful neighbour, China.

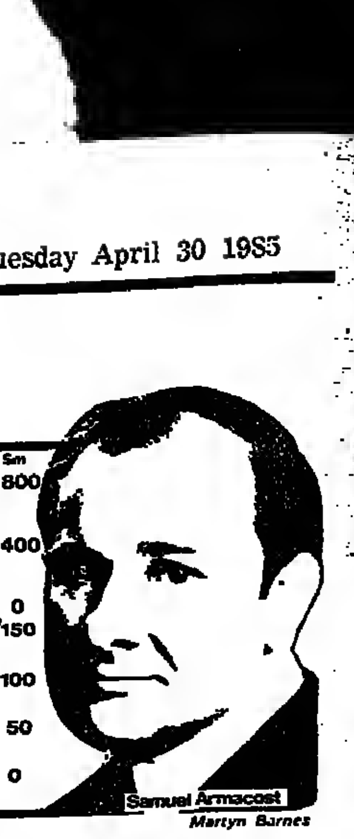
Internally, Communist South-east Asia is much less coherent than the propaganda would have us believe. The introduction of free market measures in Vietnam to halt the economic decline of the past decade has produced fierce debate and even dissent within the leadership.

None of this means that Hanoi will abandon its goal of forging and dominating an alliance of communist Indochinese states. Barring a major internal upheaval, Vietnam is unlikely to withdraw from Kampuchea on anything but very favourable terms

But this is very different from saying that Hanoi poses an immediate threat to its neighbours. While its recent dry season offensive against Khmer guerrillas along the Thai border has rekindled fears that Vietnam has designs on north-east Thailand or even the entire Mekong river basin, in reality Hanoi has more than its hands full for the present and may even be dangerously over-extended. The inherent failings of Marxism have constrained its spread in South-east Asia more efficiently than Western force of arms.

BANKAMERICA'S ANNUAL MEETING





Martyn Barnes

Some awkward questions for Mr. Armacost

By William Hall in New York

SAM ARMACOST, the youthful chief executive of BankAmerica could be forgiven if he walked into the group's annual meeting in San Francisco later today wearing the flak jacket his colleagues clubbed together to buy him for his birthday.

Even by his own admission it has been a tough few months at the top of the world's second biggest bank. Scarcely a week goes by without the bank's name cropping up in some negative report. No wonder he has ordered his lieutenants to submit on index cards the most embarrassing questions that could be asked at today's meeting.

For a bank that makes no secret of its ambition to be "the leader among the world's financial institutions," the bad news has been breaking thick and fast. Shareholders, and some directors it is said, were surprised to learn of the $95m the bank lost on a massive mortgage-backed securities fraud earlier this year. To make matters worse, they only learnt that the bank had dropped another $90m in Paraguay because word leaked out that it had asked its insurers to pay up.

Much to the bank's annoyance, Standard and Poor's, the U.S. credit rating agency, lowered the group's debt ratings again last month and the comptroller of the currency, the bank's primary regulator, administered another slap in the face by turning down, for the first time, a major bank's application to open limited service banks. The regulator gave no reason for its snub, but everyone knows that BankAmerica was singled out because it is subject to more than ordinary supervisory concern.

To add to Sam Armacost's troubles, he has had to face a stinging attack from the 80-year-old daughter of A. P. Giannini, the bank's legendary founder. Mrs Claire Giannini Hoffman, who joined the bank's board in 1949 and is regarded by the old timers as the self-appointed guardian of BankAmerica's soul, resigned as an honorary director in a fit of pique, after she learnt that the bank was planning to sell its headquarters, A. P. Giannini Plaza, in order to raise capital.

Before she left, she issued a public relations bombshell. "Never in the long and remarkable history of the bank has the concept of public welfare meant less. Never has corporate self-interest, insincerity, and insensitivity been more conspicuous." She made it very clear that as far as she was concerned her father's bank had lost its way over the last 15 years.

The bank's long-suffering shareholders could be forgiven for wondering whether they can believe management's repeated assurances that the worst is over. When the 46-year-old Sam Armacost took over as chief executive, four years ago this month, BankAmerica Corporation was the biggest bank in the world and far and away the most profitable U.S. bank. It had reported record profits in 18 out of the last 20 years and its earnings per share had been growing at a compound rate of 15 per cent over the previous decade. The bank was earning 17.5 per cent on its equity, one of the best returns in the banking business, and its dividends were growing considerably faster than the U.S. inflation rate.

The contrast now could not be more vivid. The bank's earnings have fallen for four years in a row and for the last two years, the group has been shrinking in size. In 1984, it earned $346m, or $1.77 per share, compared with the 1980 peak of $646m, or $4.32 per share. BankAmerica shares are currently trading over 30 per cent lower than they were when Mr Armacost took office and the dividend has not grown a cent.

BankAmerica's shareholders are not the only people concerned by the slump in the group's earnings. U.S. bank regulators and rival bankers have been surprised by the ease with which one of the strongest banks in the world, and the biggest, can slip from grace. There is no hint of concern in the world's money markets as yet about BankAmerica, and there are very good grounds for believing that the group has turned the corner.

Nevertheless, BankAmerica is being watched more closely. Its experience over the last four years is a worrying reminder of the speed at which circumstances can change in an increasingly deregulated U.S. financial system. It is much easier to identify the winners and losers in the U.S. banking industry today, than it was just four years ago.

"Then, BankAmerica and Citicorp were running neck-and-neck for the title of the biggest bank in the world and it was hard for an outsider to tell which was the better managed institution. Today, it seems obvious. Citicorp is nearly a third bigger in assets and in the first quarter of 1985 earned nearly one and a half times as much as BankAmerica.

The latter's recent performance is the most extreme example to date of the pitfalls lying ahead for unwary bankers as the rules and regulations surrounding the U.S. banking industry are dismantled.

When Sam Armacost took over from Tom Clausen, who left to head the World Bank, he inherited a group which by his own admission had "got very smug." Although the bank had ventured overseas it made its real money in California where a huge branch banking system sopped up the state's rapid deposit growth. The government limited the rate paid to depositors, so the bank with the biggest branch network was able to win the lion's share of the market.

"We grumbled about regulation, but it was great fun not being able to pay more than 5¼ per cent on passbook savings accounts," says Mr Armacost with a wistful smile. "It was a company designed to maximise the gains from regulation," and BankAmerica made the most of its advantages. It committed a substantial chunk of its cheap deposits to fixed rate real estate lending and used the rest of its ample liquidity to back an aggressive push into international lending.

When Mr Armacost took over he was conscious that BankAmerica had the most to lose in the short term from the deregulation of U.S. interest rates. What he had not counted on was the bank's credit porblems, which exploded under him and removed much of the group's flexibility to take full advantage of the positive aspects of the deregulation of the U.S. banking industry. At the prompting of the regulators, BankAmerica has had to divert much of its scarce resources into bolstering its capital base.

BankAmerica's credit problems are split about equally between its domestic and international operations. In the U.S. it is the biggest private lender to agriculture and one of the biggest real estate lenders and although these industries have well publicised problems, Mr Armacost admits that the bank's credit underwriting standards slipped during its explosive growth in the 1970s. Inflation made a lot of bad loans look good.

The bank is still paying for its mistakes. Its non-performing loans have jumped from around $300m at the end of the 1970s to $3.5bn now, slightly over half of which are foreign loans. Those figures do not include another $1bn of foreclosed real estate and loans where interest is overdue by more than 90 days.

It has charged off over $2bn of loans over the last four years and is still absorbing losses at three times its normal rate which is probably depressing its earnings by around $250m a year. While it believes its loan problems are beginning to subside, BankAmerica says it will be another two to three years before its loan losses return to more normal levels. Meanwhile, BankAmerica can ill afford any further deterioration in the quality of its $7bn loan portfolio to heavily-indebted Third World countries.

Its experience is a worrying reminder of the speed at which circumstances can change

Sam Armacost is well aware that time is not on his side. One of his first tasks was to redress the bank's failure to invest in new technology and equipment during the 1970s. "We've been sitting here with a gigantic battleship that was built to compete before nuclear subs and long range aircraft ever came along," was how he recently summed up the group's antiquated delivery system.

He went out and hired Max Hopper, who had revolutionised American Airlines computer systems, and gave him the job of "retooling" the bank's systems with the intention of becoming the "world's most technologically proficient financial institution." BankAmerica has committed itself to spending $1bn a year over the next five years and given a top priority to managing technology as "a strategic competitive force."

Domestically, the bank has begun to rationalise its branch network and says it has taken 12,000 people out of its Californian delivery system, more than a quarter of the labour force. Pete Talbot, a former Citibanker, has been brought in to spearhead the growth of this side of the business. It has taken steps to stabilise its steadily declining market share and is beginning to push new products through its 1,000-odd branches.

The bank has led the industry with several initiatives. It linked up last year with an insurance company, Capital Holdings, to sell a wide range of insurance products through its branches and its acquisition of Charles Schwab has catapulted it to the top of the discount brokerage business. With the acquisition of Seafirst, the biggest bank in the state of Washington in 1983, and a small bank in Oregon earlier this month, BankAmerica has filled most of the gaps in its West Coast banking franchise.

Although the group's current earnings remain well below par, Mr Armacost points to improvements in key indicators such as net interest margins which are running more than 50 basis points higher than they were in the late 1970s, to emphasise the turnaround in the group's underlying profitability.

One area where he believes the group has already begun to out-perform the rest of the industry is in its capital markets activities—especially in the international arena. Mr Armacost notes that "if you assume that the real battles of deregulation are being mounted at the barriers of the Glass Steagal Act (which prevents commercial banks from doing a wide range of investment banking activities), our performance there is superb."

One of the hardest tasks facing Mr Armacost has been to try to change the bank's culture from that of a rather inbred, paternalistic organisation where job security was the trade-off for low pay, to one where there was a two-way flow of ideas. He hired a Yugoslav management consultant, Ichak Adizes, to help get the message across that BankAmerica had to change if it was to survive over the long term. The bank has made great play of a little document known as "vision, values and strategies" which sums up its commitment to serve customers with the highest standards of performance at the lowest cost.

The group has brought in several senior managers from outside the banking business, to help it change. Meanwhile, its traditional management team will have been completely reshuffled when Art Toupin, a vice-chairman, retires later this year. Sam Armacost now has his own men in place. The legacy of Tom Clausen can no longer be blamed for the bank's travails.

Mr Armacost's bid to reposition BankAmerica for a deregulated enviroment has been billed as one of the toughest turnaround jobs in U.S. business. But there are signs that the bank is beginning to respond and a growing number of Wall Street analysts are turning cautiously bullish.

New York brokers, L. F. Rothschild, Unterberg, Towbin argue that 1985 will "mark the start of a very significant recovery in the group's financial condition and earnings prospects"

Not all analysts are as optimistic. Overhead expenses remain high by industry standards and credit quality problems are taking longer than expected to disappear.

Roy Hartmann, who heads the Calofornian banking operations of rival Security Pacific, says that sooner or later BankAmerica will have to face the local Californian competition

Mr Armecost is convinced that within the next three to five years BankAmerica's return on equity will be back to its previously tergeted 15 per cent and its credit problems will be history. He is also confident that the bank's giant retail deposit base, which made it far more vulnerable to interest rate deregulation than the money centre banks like Citibank and Morgan Guaranty, will work in its favour over the long term.

"I think their liability structure is much more precarious than ours," says Mr Armacost. Over the long haul he believes that the group's traditionally strong liquidity will work in its favour. Indeed, the lesson from the bank's recent performance may be that in a deregulated environment it could happen almost as easily to another pillar of the U.S. banking community.

Men and Matters

Thomson's plumb-line

Sinclair Thomson's sun-tan set him apart from his distinguished but otherwise pallid, fellow directors at TI Group's annual meeting in Birmingham yesterday.

But his explanation is typical of the new style that the chairman of TI's successful domestic apliance division, has brought to the boardroom of one of Britain's more traditional companies. "All in the course of duty," Thomson laughed. "I was entertaining 500 plumbers—and all male at that."

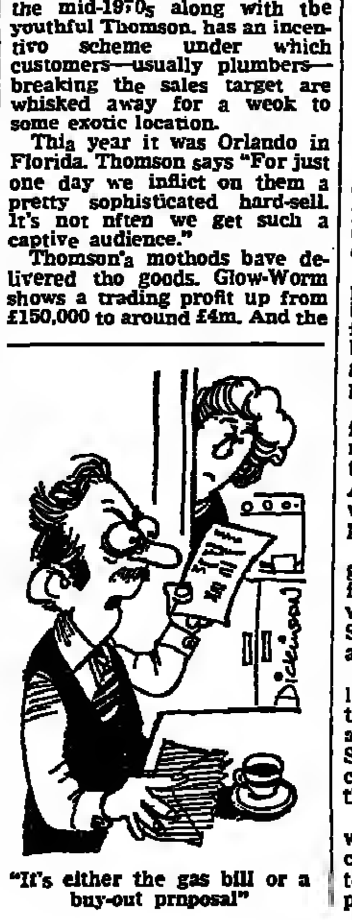
Glow-Worm, a Belper-based company supplying boilers and heaters, which TI acquired in the mid-1970s along with the youthful Thomson, has an incentive scheme under which customers—usually plumbers—breaking the sales target are whisked away for a week to some exotic location.

This year it was Orlando in Florida. Thomson says "For just one day we inflict on them a pretty sophisticated hard-sell. It's not often we get such a captive audience."

Thomson's methods have delivered the goods. Glow-Worm shows a trading profit up from £150,000 to around £4m. And the division which the 42-year-old—young by TI main board standards—heads, has been identified by chairman, Ronnie Utiger, as a core business for the new TI strategy.

Thomson confesses he was only able to spend a couple of days in Florida with Glow-Worm. "But such contact with customers is just what directors need to bring them down to earth."

Apart from the sales promotion, what else was on the itinerary? He winks playfully. "What do you think 500 plumbers would do in Florida?"



"It's either the gas bill or a buy-out proposal"

Big deal

The world's largest order for playing cards—4m packs—has come from the unlikely quarter of an oil company, Shell UK.

This is not Shell's idea of providing entertainment for bored oil rig workers. The order forms part of the latest and biggest of the garage forecourt games, launched to sell more petrol.

Shell's new promotion has the familiar "scratch card" technique—but with the difference that every card can win a prize. All the motorist has to do to win is to scratch out the right parts of the card.

This is the first time that a game involving a "probability" factor has been tried in a big way on the forecourts. It leaves Shell with an uncertain feeling about its potential liability.

How much does Shell stand to pay out if everyone scratches the winning combinations, I asked retail sales manager, John Smeddle. "I've no idea," he confesses, "I shall have left the company if that happens.'

The commonest form of prize will be one of these 4m playing card packs. And Shell has had to go to Belgium to have them printed. Smeddle says no British company could come up with the number required in the time available.

Messel's round

The City merry-go-round continues apace. Robert Catherey, 40, director in charge of institutional equity sales at Vickers da Costa, is leaving when the firm merges with Scrimgeour, Kemp-Gee in June.

Catherey will be joining brokers L. Messel, which acts for more than 80 corporate clients, including such as Grand Met, Glaxo and STC. Catherey has several personal friends among Messel's partners and, according to David Lloyd, Messel's senior partner, "likes the firm's ambience."

Messel, in which Shearson Lehman, the securities arm of American Expres, became a limited partner last year, has already been busily recruiting elsewhere in the City this year in preparation for the "Big Bang."

In January, Peter Streatfield, Molinda Diamond and Simon Miller, all in their 20s, joined from Quilter Goodison to form a team specialising in European securities—a market which Messel had not previously covered on a day-to-day basis.

Next month, Michael Howell, 31, a portfolio strategist, joins the firm from Laing and Cruickshank, to bridge a gap between Messel's research and economic analysis teams.

David Lloyd says further recruitment is likely. "The days when one or two people could represent you in a particular area are long over. In anything you tackle now, you need considerable strength in depth."

Linking with another broker like Shearson Lehman, he says, has ensured "there has been no culture shock," and would provide great scope for building up the firm's international activities.

On camera

While the British cinema industry struggles as never before to maintain a sizeable audience, it is to be all change at the British Board of Film Censors during the next couple of months.

The presidency has been vacant since the death of Lord Harlech in a road accident recently. Now another member of the Upper House with artistic leanings, Lord Harewood, is to take on the job. His signature will become well known to cinema-goers on the certificate shown at the start of every film.

Harewood, who has been managing director of the English National Opera for 13 years, has also served for two periods as a director of the Royal Opera House, Covent Garden, and in the 1960s was artistic director of the Edinburgh Festival.

The board is also changing its name. In June it will become the British Board of Film Classification thus removing itself from any whiffs of Big Brother implied by the "Censor" in its present title.

And the team is to be strengthened under Harewood. For the first time two vice-presidents are being appointed —Lord Birkett, director for recreation and the arts at the GLC for the last six years, and Monica Sims, former director of programmes for BBC Radio.

Peace moves

Some deft political footwork by Indonesia maintained a convivial atmosphere at the special commemoration it hosted of the 1955 Asia-Africa conference.

In the old conference hall in Bandung, Indonesia sealed itself between the delegations from Iran and Iraq to avoid any unpleasantness. But reflecting the recent thaw in relations between South and North Korea, it seated them side by side. "We did not fight, or even get cross with each other," said a man from the South.

Observer

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Letters to the Editor

Industrial protectionism

From Mr A. Hewitt

Sir,—I cannot help bnt make connections between your article, "India could lose aid if helicopter deal falls through" (April 26), and the analysis in the same issue of "How Britain is being gazumped in world markets."

The projects listed in tha Hawker Siddeley study of gazumping all attribute poor British commercial performance to a leck of ettractive financial packages and/or political pressure. Yet you report that India has been "warned" by the British Government that it will lose large amounts of aid unless it accepts a particular package of British helicopters, £65m-worth of which "would be fully covered by British grant aid."

This seems to me to be both a strong example of political pressure and an attempt to compose an attractive financial package on the part of the Government. Whether this is an appropriete use nf public funds whicb Parliament has voted for overseas development assistance, or (if I may echo the Byatt report) there is any proof that such export credit subsidies are an efficient instrument for promoting British exports and jobs, remain unanswered questions.

I remain sceptical on both counts. Such beggar-your-neighbour policies, which the British Government admits to adopting only "to match the practices of our neighbours" are little more than another veiled form of industrial protectionism. They ere particularly unworthy of a Government which believes in market competition and generally abhors public subsidies in industry. The sooner the Organisation for Economic Co-operation and Development governments can agree to a collective disbandment of public subsidies on export credits the better. Official aid programmee could then return to their original purpose of belping to promote sustainable economie development in the Third World.

Adrian P. Hewitt.
Overseas Development Institute,
10-11, Percy Street, W1.

Radio network facilities

From the Chairman, Communications Gonsultants

Sir, — Telecommunications liberalisation came in with a rush, which has subsided into a slow and sedato progression. A number of organisations, including statutory authorities, having installed radio networks for internal communications between various office locations, confidently expected to be able to transfer a telephone call coming into one office over their network, to another office which was better able to answer tha particular caller. This facility has been denied by pressure from British Telecommunications and there is no guarantee that they will ever be abla to make use of the installed equipment in this manner. A separately rented BT line between the same two offices must be used. The situation will be reviewed, but not necessarily reversed, and only then not before 1989.

A week in politics has been said to be a long time. For industry four years is a very long time. We know of numerous nrganisations frustrated by this impasse. Can the practical considerations which cause this delay be overcome somewhat sooner? We think they can.

A principal factor in formnlating the present policy is the Government's determination not tn diminish BT's profit capability. We entirely agree. After all, there is no point in floating BT as a public company and then cutting the ground from under its feet. Our suggestion is to increase its profitability, which should be acceptable to BT, to the Government as a major shareholder and the publie in general in the following manner.

When BT rents a line from one location to another, the rental comprises two basie components: what it costs to provide the line including capital, administration charges ann maintenance costs and the profit element it makes from providing the line. If instead of paying the full rental of such e line to BT for transferring PSTN calls from one office to another, the owner of a private network, installed to DTI specifications, was licensed to transfer such calls over his private network, and the licence fee for each circuit was, say, 5 or 10 per cent more than the BT profit calculated for the line, then ell should be happy. BT would increase its profit and still bave the line to rent to some other user. The private network owner could make better use of his invested capital, improve business efficiency and operate at lower costs —all to the ultimate benefit of consumers.

The idea seems worth consideration — and surely need not wait until 1989.

D. H. Smith,
Stephyns Chambers,
Bank Court,
Marlowes, Hemel Hempstead.

Costing power stations

From Mr P. Watts

Sir,—May I answer Mr Miller's comments (April 24) on Sir Walter Marshall's address to the Institution of Electrical Engineers. In that eddress Sir Welter likened tha Central Electricity Generating Board's order of merit to a league table where the "winners" are those with the lowest running coets —mostly fuel—per kilowatt-boor (kwh). In this context nuclear etations have always been cheaper than fossil fuelled ones.

Mr Miller is correct to assume that the order of stations in such a table would not be the same as the order in respect of total costs per kwh at each station. In faet there are differing conventions that can be applied to the calculation of total costs for stations already in commission. For example over its lifetime a station sucb as Ferrybridge C would have higher total costs than a contemporary magnox nnclear station if capital is charged at a real rata of 2 per cent and lower if at 5 per cent, and a case can he made for using either rate.

Mr Miller, however, refers to optimism about construction times and future prices of fuel, and therefore is presumably also concerned with the choice between new stations in the fnture. Here the CEGB uses the conventions laid down by the Government and the issue turns on wbether estimates of construction times and future fossil fuel prices are reasonably central. This issue has been investigated at considerable length in the inquiry into the Sizewell B pressurised water reactor (PWR). What the CEGB there showed was that the PWR was cheaper overall than a new coal-fired station even in the unlikaly combination of circumstances whera there was no increase in fossil fuel prices in real terms from now on at the same time as construction period took 50 per cent longer than the target period.

P. E. Watts
(An economic adviser),
CEGB.
15, Newgate Street, EC1.

Labour costs and employment

From the Managing Director, Executive Search

Sir,—Further to recent correspondence on the price of labour and its effect on unemployment, suppose that a firm's livelihood depends upon one major customer and that labour (including management) is 50 per cent of the cost of its product. Its tender is uncompetitive and must come down 5 per cent. An average reduction of 10 per cent gross (the nett or take-home figure would be less) in salaries and wages (in justice, the former more than the later) would lower the pricа and secure the order.

Has this principle not been practised by the automobile industry in the U.S. and the Electrical and Plumbing Trades Union bere, continued employment being preferred by those employees to being out of work? If jobs can be saved thereby, unemployment can also be reduced by such pricing-in.

J. M. Reid,
8a, Symons Street, SW3.

Less power for politicians

From the Secretary, Association of County Councils

Sir,—Mr Stark (April 23) advocates a number of changes he would like to see in the provision of services to ratepayers — mostly by switching their administration from local to central level, and in particular by scrapping county councils. Such ideas, although not to be taken too seriously, should nevertheless not be allowed to pass without comment.

County councils are responsible for 87 per cent of the total expenditure on local services in their areas. During the past few years, as everyone is aware, a number of services administered by local government have gone under direct Whitehall control. There is one inherent objection to sucb a practice and that is the almost complete removal of local accountability and thns real influence by the customer. Councillors are far more under public scrutiny than anyone in Whitehall or under the direction of Whiteball. They are also more accessibla than any MP. Decisions affecting their local communities are taken within the confines of those communities.

We need less power for politicians and officials at both central and local level. Voters and ratepayers should feel able to do something in cases where they are dissatisfied. At the moment, this association is studying ways and means of strengthening tha accountability of local euthorities to their electorates. This involves a thorough examination of wider issues than Mr Stark has put forward.

Tha present system of local government in this country is by no means perfect bnt we must avoid being so preoccupied with current problems that we do not achieve tha best solution. That is why tha Baker/Waldegrave studies, the Widdicombe inquiry and the current work being carried out is the right way to arrive at a total package of improvements. I suspect that Mr Stark is following the unfortunate precedents being set by those who think that current problems can be solved by "a quick fix."

John Stevenson.
66A Eaton Square, S.W.1.

Use Leeds for a quick change

From Mr M. Sullivan

Sir,—Sir Terence Beckett's experience on the M1 ("Men and Matters," April 24) will no doubt further reinforce his desire to eover Britain with more motorways. Bnt the story really reveals that he and the CBI are just ont of touch. Any ordinary London to Harrogate driver would use not tha M1 but the A1—easy to find, shorter, as quick and more pleasant, not least in the catering provided at hostelries in which (unlike motorway cafes) a CBI man wonld feel at bome.

The InterCity 125, which gets yon to Harrogeta 24 times a day with a ebange et Yorks or Leeds in around three hours, all usable working time.

Mark A. Sullivan,
(Member of Midlands Transport Users Consultative Commitee),
26, Milverton Crescent,
Leamington Spa,
Warwicks.

Encourage local self-help

From the Gontroller, Audit Commission for Local Authorities in England and Wales.

Sir, — Our report on eapltal expenditure controls in local government in England, ahows all too elearly thet the present levels of local authority capital spanding ere below those necessery to maintain, let elone improve, the state of the existing local authority housing stock (whieb eecounts for around 25 per cent of all dwellings) schools end roads. At the same time, the existing systems for controlling this expenditure are not only ineffective from a control point of view, they are also leading to waste and inefficiency measured in bundreds of millions of pounds. And the outlook is for more of the same, only worse: projections suggest that on present policies, local authorities' capital spending will decline further, from around £5.5bn a year to around £3bn a year at the turn of the decade (in current prices).

The solution is not to ignore the problem and bopa thet it will go away. It will not. Neither is it necessary to increase publie sector borrowing. Rather, local autherities can be enabled and encouraged to do more to help themselves — along the lines suggested in the report. A combination of efficiency gains, further sales of under-utilised assets and changes in charging policies could generate sufficient funds to support a capital programme that would arrest the run-down in the state of schools, roads and local euthority housing — without the need for more public sector borrowing.

J. M. M. Banham,
1, Vincent Square, SW1.

Climate for enterprise

From Mr P. McGregor

Sir,—It would be a pity if Mr Nicholas Edwards's "handsome apology" (April 22) for his criticisms of the General Electric Company were to obscure the real issue. This is not why that company prefers to keep a large casb reserve. In fect most of the major electronics companies eould reedily find considerably more resources for the development of new products and markets in the world's fastest growing industry than they choose to invest for those purposes. Meanwhile Britain is losing its share of tha world market.

The real question why the "climate for enterprise" which the Government saya it has created is not a climate which encourages the larger companies to spend et least some of those resources to maintain or increase that share. Lord Weinstock and the leaders of the other companies are rational men who reaet to the balance of risk and reward as they see it. They have no duty to oblige Ministers, but must look after their companies' interests.

It is the Government of whleb Mr Edwards is a member which should ask itself questions if what seems best for GEC (and others) is not good enough for the country.

Peter McGregor,
Dacres,
Troutstream Way,
Loudwater, Herts.

Successful crude oil trading

From Mr M. Cole

Sir,—Regarding Mr Roy Grantham's letter (April 23) I would like to record (as someone with many years oil industry experience, and a particular interest in the cootinuing prosperity of the small independent petroleum trader), that his proposal for the "oil pipeline agency" to trade crude oil with the backing of Government funds le extremely attractive. As a taxpayer, however, tha mind boggles.

The attributes of a successful crude oil trader are unlikely to be found among employees of a government department, oor in my opioion are they often apparent in an individual who finds it necessary to seek the employment benefits and protection of an association such as that of which Mr Grantham is genaral secretary.

I wonder whether Mr Grantham would like to personally finance, or indeed invest his associetion's funds in e trading venture that "objectively" (wbatever that means in a pricing context) establishes the price at which it buys and sells oil while disregarding the best balance of the industry's revenue liabilities, investment costs and downstream interests, for which considerations he slates Esso.

Martin T. Cole,
20, Eaton Park Road,
Cobham, Surrey.

Rents and a dangerous dogma

From the Labour Spokesman for Housing, Westminster City Gouncil.

Sir, — Councillor Teresa Gorman's enthusiasm (April 23) for the deregulation of new tenacies is a prime example of dogma at its most dangerous.

There is not a shread of evidence to support her assertion that this proposal would increase the numbre of lettings on the private market. Anyone who knows anything about bousing in Westminster knows that the vast majority of new lettings in the borough already exploit loopholes in the Rent Act to avoid restrictions — through company lets, boliday lets, or non-exclusive licence agreement. Despite this effective deregulation, the private rented sector inexorably declines.

Furthermore, there is clear evidence from the past about the disasterous consquences of deregulation. Surely one would expect e Westminster councillor to remeber Rachmanism.

These irresponsible plans would mena exorbitant rents, lack of security, increased harassment and bomelessness for thousands of people in Westminster. The only concelvable good that can come from being represented eo badly is an end to Tory rule in the City.

(Councillor) Neale Coleman,
PO Box 240,
Westminster City Hall,
Victoria Street, SW1.

Irony, mergers and competition

From Mr P. Thornton

Sir,—There is e pleasing irony in your report (April 24) about the merger of three firms of chartered accountants. Tha senior partners are reported as saying that "increasing competition, created by the Government's relaxation on advertising for the profession, had stimulated the merger." It is interesting how the Office of Fair Trading's desire to see greater competition in the profession is leeding to a reduction in the number of competitors.

P. U. Thornton,
"Simons," Church Road,
Newdigate, Dorking, Surrey.

Privatisation of British Gas

Following in the footsteps of British Telecom

By Ian Hargreaves

NOT VERY long ago, any politican proposing the privatisation of British Gas would have donned asbestos clothing to protect bimself against the fiery breath of Sir Denis Rooke, the corporation's veteran chairman and champion.

Yesterday, all appeared quiet at Rivermill House, the British Gas beadquarters, as executives absorbed the latest in a long series of press leaks about the Government'e intentions for the industry.

Partly, this is experienced reaction to unconfirmed reports; but it also probebly indicates that Sir Denis intends to embark upon the privatisation path if not quite with a whistle, at least at a steady stride.

His position has always been that the industry is sonndly structured and should not be touched. But in the face of a two-pronged etteck from the Treasury—on the one hand to control the industry'a prices, via the proposed nationalised industries bill; on the other to ensure that any privatisation involves breaking up gas—Sir Denis must have decided that a pre-emptive strike is the best response.

Certainly that is the tactic of Mr Peter Walker, the Energy Secretary, wbo has seldom disguised his basie lack of interest in privatising the energy ntilities, although he bas strongly expressed his opposition to breaking them up in the interests of what be jndges to be illusory competitive forces.

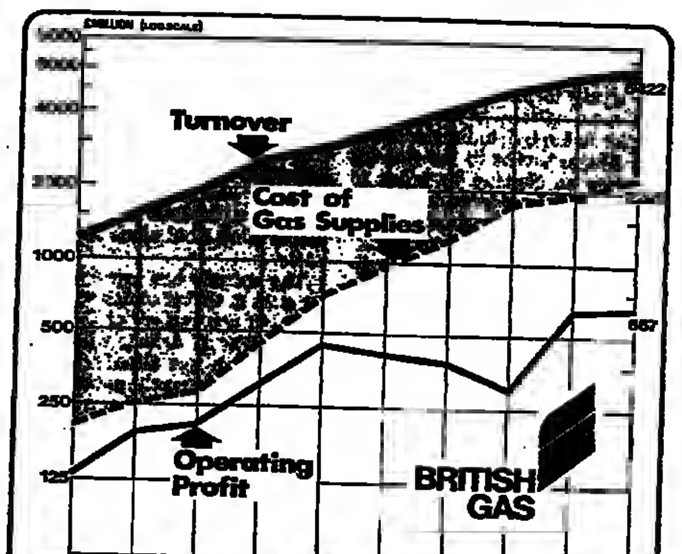
The fact that the Conservative Party's general election manifesto pledged to "seek other means of increasing competition in, and attracting private capital into, tha gas and electricity industries" was therefore not necessarily to be taken at face valne so long as Mr Welker was in bis post.

What bas ehanged Mr Walker's perception is, primarily, the politics of privatisation following the sale of British Telecom. He and his officials had worried that this would be a costly flop, invoking the eventual wrath of consumers.

However Telecom is, at least for the moment, established as a political success. So Mr Walker has decided to take the plunge on a Telecom-style sale of British Gas — that is in tranehes and without change to the industry'a structure.

The fact that this will allow the Energy Secretary once again to nutflank Mr Nigel Lawson, at the Treasury, is a welcome bonus. Mr Walker's department is strongly opposed to the Treasury's consultation paper on nationalised industries whose proposals would, in the view of Sir Denis, give the Chancellor the effective power to push management about and raise gas prices as a backdoor method of taxation.

The view in Whiteball yesterday was that Mr Walker will win his fight within the Cabinet to sell British Gas undivided. Tbe consolation for the Chancellor is that he will get the proceeds rather earlier.



Leighton Morris

The result will be an opportunity for the City—along with employees, who like Telecom employees will have special status in buying sbares—to size up the most juicily profitable of the nationalised industries.

Last year, Britisb Gas made £1.02bn operating profit on turnover of £6.4bn on a historie costs basis, or £668m at current costs. On the conventional accounting basis, that amounts to e return on average net assets of 22.6 per cent, even without the income from the corporation's oilfield assets, whieb have already been privatised. The corporation is worth around £8bn, according to City estimates.

But British Gas is not problem-free. The cheap North Sea gas supply contracts it wrote in the 1960s and 1970s ara starting to run down and its average feedstock cost last year —13.26p a therm, showed a rise of 14.3 per cent on the year.

Gas supply costs will continue to rise et twice the level of inflation for several years to come. As Sir Denis told the Commons Energy Committee last year: "That is exactly why we are running sueb a heavy programme of containing non-gas costs. We see onrselves for the next few years at least being able to make savings in non-gas costs sufficient to offset part of the external cost coming from offsbore and to enable us to go forward with teriff increases roughly at the rate of inflation."

That is the crucial financial qnestion for Britisb Gas—can it continue to hold prices at a time wben electricity tariffs, because of over-capacity and the availability of cheaper electricity from modern power stations, are certain to go on falling in real terms? Sales of electric storage beaters rose 25 per cent last year.

By locking in a third of its supplies in the 1990s from Norway's Sleipner gas field, British Gas bad boped to have established stronger leverage against UK gas suppliers to bold down its overall gas supply costs and make a major assault on the industrial and commercial fuel market. Those plans have been dented by Mr Walker's recent veto of tbe deal.

As Sir Denis implicitly pointed out, bowever, the corporation has substantial profit margins to play with. Although its gas supply costs, including gas levy paid to the Government, are now over 17p a therm, the standard retail price for gas is 37p a therm.

The trickiest aspect of privatisation will be to ensure that the consumer'a interest is not squashed between the corporate ambitions of British Gas and the oil companies, which want even higher returns from their North Sea gas fields. A gas equivalent of Oftel (the telecommunications regulatory agency) will be designed for this purpose.

There are e number of other points for the City to examine closely as it makes np its mind about British Gas:

- Has tbe corporatien got a grip on its offshore engineering division, following serious cost over-runs on the Morecambe Bay gas project?
- What freedom will the privatised corporation be given to explora for oil and gas? Currently, British Gas is supposed to be excluded from likely oil-bearing zones — a geologically nonsensical restriction.
- What is tha future of the gas levy, whieb cost British Gas £521.5m last year? Will the corporation be subject to special and punitive levels of taxation in the future?

A decision will also have to be made about the future leadership of the industry. Sir Denis's term expires in June 1986 when ha will be 62. It le widely assumed within both the industry and Whitehall that, following his publie battles with Mr Lawson and, indirectly, tha Prime Minister, be will not be re-appointed.

The chairman'a chosen beir is Mr Bob Evans, the current chief executive. But it is equally widely assumed that Mr Evans has little chance of getting the job. One of the criticisme of Sir Denis most frequently voiced inside the oil and gas industry le hle elleged failnre to surround himself with senior management nf sufficient breadth and stature. The argument, anathema to Sir Denis, is that an outsider's firm band is needed.

Various candidates have already been suggested—among them Mr John Raisman, recently retired chairman of Shell UK. The battle for the succession may well turn out to be the one into which Sir Denis pours most of his very considerable energies in the coming months.

FINANCIAL TIMES

Tuesday April 30 1985

Delors wants Eureka in EEC framework

By Quentin Peel in Luxembourg

THE FRENCH plan for Eureka, a major European research programme into fields of high technology, must be brought within the framework of the European Community, even if it does not involve all the member states, M Jacques Delors, president of the European Commission, said yesterday.

He welcomed the proposal for a European initiative to match the technological leap forward threatened by the U.S. Strategic Defence Initiative (SDI), or star wars programme, without necessarily including the military implications of the U.S. plan.

The Eureka proposal was being canvassed yesterday by M Roland Dumas, the French Foreign Minister, in the wings of the EEC Council of Ministers meeting in Luxembourg.

M Delors, who has just returned from a week-long trip to the U.S. during which he met top Administration officials and visited high-technology companies in California, said he believed it was vital to keep such a programme within the EEC. He said that should be done even if it meant introducing an element of "variable geometry" – allowing member states to move at differing speeds – into Community structures.

M Delors said he would put forward plans to the next EEC summit in Milan in June for institutional reforms to enable such a programme to go ahead without unanimity among the Ten. This would amount to the first time plans have been put forward at such a level for a multiple-speed Community.

Some member states such as Ireland, Denmark and Greece would have serious reservations if the Eureka programme into fields like lasers and particle beam technology did have obvious military implications. On the other hand, both Britain and West Germany have expressed some caution at the French plan because of their apparent interest in companies taking part in President Ronald Reagan's star wars programme.

M Delors said yesterday that Mrs Margaret Thatcher, the British Prime Minister, appeared to be saying "no" both to his own proposals for an expanded EEC research programme, put forward at last month's Brussels summit, and to the similar French scheme.

"I hope this is not going to be her final reply," he said. A Community-wide research programme was essential to the technological future of Europe, if it was not to be left behind by the U.S. initiative.

He said the programme might be jointly financed from EEC budget funds and national treasuries.

Citing the hypothetical example of a biotechnology research programme backed by only six out of the 10 present member states, he said he would argue that such a programme would be seriously weakened outside the Community.

Bonn tries to contain damage of Bitburg visit

BY RUPERT CORNWELL IN BONN

THE West German Government is now trying to put to one side its ever more visible irritation with reaction in the U.S. to President Ronald Reagan's visit to the Bitburg cemetery on Sunday in order to contain the longer-term damage to Bonn–Washington relations the controversy threatens to cause.

Little doubt exists that the stopover at Bitburg, where a number of former Waffen-SS soldiers are buried, will take place. Yesterday both Chancellor Helmut Kohl and Mr Reagan again made plain that they will not be deflected by the outcry in the U.S., which still shows small sign of abating.

Herr Peter Bönisch, the Bonn Government spokesman, stressed yesterday that the ceremony at the graveyard – where, according to the official programme of the Presidential stay released yesterday, Mr Reagan is still to lay a wreath – was intended to honour "not only the soldiers buried there, but the war dead of every nation."

There was, he declared, no question of "whitewashing" the Nazis, or of minimising their crimes. But Herr Bönisch criticised the U.S. media for their coverage of the affair, and their alleged failure to refer to the good relations between Germans and Americans today at the Bitburg base.

The intensity of the dispute over the visit to the cemetery has astonished and profoundly upset West German public opinion. Although most German newspapers acknowledge that on diplomatic grounds it probably should have been called off, there is little inclination to blame Herr Kohl alone for the debacle.

The episode has caused particular pain in that it comes so close to the 40th anniversary of Germany's World War II defeat, whose commemoration has already been the object of so much national self-examination and soul-searching.

What has hurt most, commentators agree, is that at a stroke the efforts of four decades to rebuild the image of Germany, particularly in the U.S., have been placed in jeopardy. As a result a new impetus might be given to latent anti-Americanism in West Germany, they warn.

As the conservative Frankfurter Allgemeine Zeitung (FAZ) observed yesterday, "a mighty journalistic campaign" has "resurrected the caricature of the ugly German and torn open old wounds." The paper spoke scathingly of "the business interests of the entertainment industry," to whom "the Nazi theme is always welcome."

It would be well, the paper noted, for Americans to bear in mind the growing tendency "towards refusal of all things American." Hitherto such feelings have been mainly on the left, "but woe betide that they be reinforced from the other end of the political spectrum." The only beneficiaries of such a development would be the Russians, the FAZ warned.

● Herr Erich Honecker, the East German leader, stepped into the controversy yesterday by attacking Herr Alfred Dregger, the Christian Democrat majority leader in the Bundestag, for criticising 53 U.S. senators who urged President Reagan not to visit the Bitburg cemetary, writes Leslie Colitt in East Berlin.

Herr Honecker said the senators were supported in their view that the SS was a "criminal organisation" by the Nuremberg war crimes trial. He added that Herr Dregger was merely pointing to the "direction" in which he wished to push West Germany.

The East German president noted that he and others who actively fought the Nazis bowed their heads in memory of the "heroes of the anti-Hitler coalition." Herr Honecker served eight years of a ten-year sentence for "high treason" against the Nazis in Brandenburg prison, which was liberated by the Soviets in 1945.

Bristow launches £89m bid for troubled helicopter group

BY LIONEL BARBER IN LONDON

MR ALAN BRISTOW, the 61-year-old founder of the Bristow Helicopter Group, the international helicopter operator company, yesterday launched a £89m ($107m) consortium bid for Westland, the troubled UK helicopter manufacturer.

The bid is via a newly created company, Bristow Rotorcraft, which is backed by London financial institutions led by Mr Bristow's advisers, Kleinwort Benson. The consortium has agreed to put up £60m in cash if Mr Bristow's offer succeeds.

A joint statement said that the new "dynamic leadership and injection of new capital would transform Westland's prospects."

Westland, advised by J. Henry Schroder Wagg, attempted yesterday to pre-empt the takeover bid by revealing a three-point defence one hour before the Bristow consortium unveiled its offer terms. The defence included a plan to float off in part or whole Westland's technologies division with a separate full London stock market quote.

Westland said that it intends to oppose the offer vigorously and believes that its own strategy is in the best interests of shareholders. Westland shares which have risen sharply amid bid speculation, closed unchanged at 140p.

The consortium bid was seen by London analysts as a final effort to turn round Westland, Britain's only helicopter manufacturer. A slump in the world civil helicopter market has hurt Westland badly, while the Indian Government has balked at signing a £60m order for the W30. "The bid appears to solve Westland's debt problem," said one broker, "but the empty order book remains."

The consortium includes Hoare Govett, the stockbrokers, Montagu Investment Management, the Alliance Unit Trust, the M&G Recovery Fund, Fleming Mercantile Investment Trust and Investors in Industry.

Mr Bristow, shortly to retire as chairman of Bristow Helicopter Group, has been appointed chairman of Bristow Rotorcraft and will be appointed chief executive when the offer becomes unconditional.

Two named non-executive directors include Mr Alan Curtis, deputy chairman of Group Lotus, and Mr George Russell-Fry, formerly managing director of the Bristow Helicopter Group.

Under the deal, Mr Bristow and his institutional backers will put up £60m in cash for 40m shares at a price of 150p once the offer becomes unconditional. Bristow Rotorcraft will then apply for a full stock exchange listing.

Bristow will then offer a one-for-one share swap which values Westland shares at 150p and the company at £88.93m. However, to offset possible criticism that existing Westland shareholders' interests are being diluted, Bristow will offer up to 10m of its shares (25 per cent of the equity) to accepting Westland shareholders on the basis of one Bristow share for every six Westland.

Effectively, this constitutes a one-for-six rights issue. The offer applies to Westland shareholders who accept within 14 days of the offer being declared unconditional.

See Lex; news analysis, Page 7

Talbot UK warns of loss this year after small 1984 profit

BY KENNETH GOODING, MOTOR INDUSTRY CORRESPONDENT, IN LONDON

TALBOT UK, the British subsidiary of the French Peugeot group, which made its first profit for a decade in 1983 with a net £3.1m ($3.75m), remained in the black last year, but by only £727,000.

But Mr Geoffrey Whalen, the chief executive, gave a warning in his annual report that Talbot UK would suffer a net loss for 1985.

The seven-week interuption to production of the car kits Talbot sends to Iran, because the Iranians could not provide letters of credit, has already had an adverse impact on the 1985 results, he said.

The likely disruption to be caused by the introduction of a new medium-sized car, code-named C28, will also help push Talbot back into the red.

C28 will be launched in October but so far no decision has been made about whether it will be a Talbot or a Peugeot model.

Problems in the Iranian contract because of the Iran-Iraq war and consequent foreign currency restraints also played a part in the steep drop in profit last year.

Talbot supplied only 57,500 car kits – assembled in Iran into that country's best-selling Peykan model – compared with 87,800 in 1983.

Mr Whalen recalled that Talbot recently negotiated an oil counter-trade arrangement "which should provide continuity of production (for Iran) and regularity of payment well into 1988."

He pointed out that the association with Iran dates back 17 years and insisted Talbot "is confident of many years business in the future."

Mr Whalen also blamed the highly competitive nature of the UK new car market and high interest rates for last year's profit reduction. Sales of Peugeot and Talbot cars fell from 79,495 to 70,519 and the Peugeot-Talbot market share from 4.44 per cent to 4.03 per cent. Registrations of Peugeot-Talbot light commercial vehicles improved, however, from 9,154 to 10,361.

Talbot UK's car output dropped from 120,503 in 1983 to 95,122 last year.

The company's turnover fell from £538.74m to £502.4m last year. The operating profit was £18.75m, down from £18.58m.

Interest charges rose from £10.56m to £11.65m and there were exceptional charges last year (for redundancies, reorganisation plus closures in the dealer division) of £4.37m against £4.93m in the previous 12 months.

Mr Whalen, who the accounts show received £86,000 in remuneration in 1984, said the Talbot UK manufacturing locations – Stoke, where the kits are made, and Ryton, both in Coventry – consistently achieved their scheduled production objectives last year and claims "the Ryton quality levels are now equivalent to the best in Europe."

He added: "Plans for restructuring the company are nearing completion and benefits will be felt in 1986 and beyond."

BL in Australia, Page 6

Two UK insurance brokers in talks on merger

By John Moore in London

C. E. HEATH and Hogg Robinson Group, respectively the fifth and sixth largest independent insurance brokers in the UK, are holding talks which could lead to a merger of the two brokers.

The move, announced last night, represents another major realignment in the industry. In the last few months Alexander & Alexander Services of the U.S. the world's second largest insurance broker, has been in merger discussions with Reed Stenhouse, the large Canadian insurance broker. More recently Sedgwick Group, Britain's largest independent insurance broker, announced a £533m ($634m) merger with Fred S. James, the world's sixth largest insurance broker.

On the London Stock Exchange yesterday the share price of Heath fell 12p to 558p valuing the group at £176m. The share price of Hogg Robinson rose 14p to 295p valuing the group at £103.7m.

Mr Derek Newton, chairman of C. E. Heath, said last night that he had approached Hogg Robinson with a view to achieving a merger. "We are complementary," he said.

Both sides said last night that the discussions "may or may not lead to a merger" and that if any merger were to take place it would be effected "through a new holding company."

In its last financial year ending in March 1984 Heath reported pre-tax profits of £19.1m, while Hogg Robinson, over the same period, reported pre-tax profits of £11.1m.

Heath is a medium-sized broker with substantial underwriting activities. Its broking operations represented under half of its operating profits in 1983/4. On the broking side it has a long standing trading relationship with Rollins Burdick Hunter, the U.S. broker which is owned by Combined International Corporation, a U.S. insurer.

Hogg Robinson, which has a strong UK broking side and extensive travel agency interests, has 28 retail broking offices in the U.S. The combined operations of both groups could create a broking unit with over 3,000 employees.

If Heath and Hogg Robinson merge it could bring the combined group up to around eighth position in the world league and in terms of revenue around the size of Willis Faber, another large UK broker.

Smiths to buy Glaxo surgical equipment unit

By Charles Batchelor in London

SMITHS Industries of the UK, a former motor components manufacturer which has moved strongly into the medical equipment business, is buying most of the surgical equipment operations of Glaxo Holdings, the pharmaceuticals group, in a deal estimated to be worth between £5m and £10m ($6.05-$12.1m).

This is Smiths' second major medical equipment acquisition in the past 18 months and is expected to make this division the company's largest profits earner – ahead of aerospace – within a year or so.

The two companies announced yesterday that they had reached agreement in principle for Smiths to buy Eschmann Bros & Walsh, a maker of operating theatre equipment such as operating tables and disposable surgery products.

Eschmann made a minimal profit on turnover of $19m in the year ended June 1984. It did not fit in with Glaxo's highly profitable pharmaceuticals business, which has been boosted recently by strong sales of Zantac, the anti-ulcer drug. Eschmann was also feeling the pinch from National Health Service spending cuts.

The Eschmann management is believed to have attempted to buy the company from Glaxo but was unable to agree e price.

Neither Smiths nor Glaxo would value the deal yesterday but they expect to agree formal terms by the end of May. Eschmann employs 560 people in Britain and also has about 60 staff in sales offices in France, Germany, Spain, Singapore and Australia.

Smiths has built up a medical equipment business which produced trading profit of £6.75m on turnover of £39m in the six months to February. The whole Smiths group made a profit of £21.4m on turnover of £197m in that period.

Early last year Smiths paid £7.3m cash for Downs Surgical, a publicly-quoted maker of orthopaedic implants and neuro-surgical instruments. It first went into medical supplies in the mid-1950s when it bought a company, now called Portex, which made specialist extruded plastic components for the motor industry, and, as a sideline, disposable tubes for medical use.

THE LEX COLUMN

Whirling blades at Westland

Westland might have been taken over years ago, were not the problems of selling civil and military helicopters too daunting for the likes of British Aerospace. But there are braver souls in the further reaches of UK aviation, and Mr Alan Bristow has decided that sorting out Westland is a more rewarding pastime for his retirement than golf.

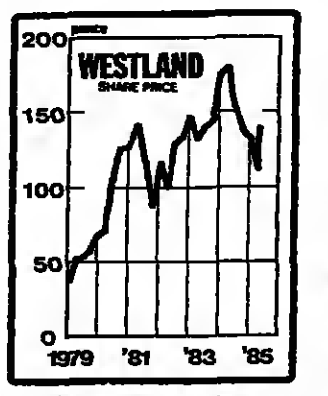
The Bristow camp claims that Westland badly needs new money and new management. The first is evident from Westland's slim order book and weakening balance-sheet; but it is not entirely clear that a former helicopter operator, with no experience of marketing and manufacture, is the man to provide the second.

Westland's present board has scarcely endeared itself to the City. The entry into the civil market has not been successful while flirtations with Arab industrialists and Californian air-taxis were costly adventures. An old-fashioned proxy battle to unseat the management might have served had not institutional shareholdings so shrivelled as to make this a complex affair. Hence the creation of a shell company, Bristow Rotorcraft, to make what is in effect a discounted one-for-one rights issue on Westland's behalf.

Westland certainly needs £80m in new money, if only to meet the costs of its share in the EH-101 project – its salvation for the late 1980s. The sale of a couple of Lynx or Sea King aircraft will not generate the necessary cash flow and there are dangers that inventory financing on delayed contracts is constraining such healthy bits of the business as spare parts or Normalair-Garrett. Ironically, the Bristow bid means that the RAF or the Indian Oil and Natural Gas Commission cannot order the W-30 without taking sides.

Westland pre-empted the bid by hinting that it might float off its share in Normalair-Garrett, which is probably worth all but a fraction of Bristow's 150p a share offer. There is also much, presumably, to be done in trimming back the helicopter business and in seeking larger markets for the hovercraft division through joint ventures.

Yet at this stage, it is hard to judge between such a vague pair of corporate plans. Westland shareholders, who have shown a capacity for staying put to have lasted so long, should continue in that posture. Westland's share price, which



stood still at 140p at a discount to the bid, indicates some scepticism as to its soundness.

Heath/Robinson

Unmarried insurance brokers are as fashionable these days as unattached stockbrokers. The creation of powerful international groupings – such as those envisaged by the merger of Alexander & Alexander with Reed Stenhouse and of Sedgwick Group with Fred S. James – make the world very uncomfortable for the smaller groups. So it was no great surprise last night to find C E Heath and Hogg Robinson seeking strength in size. The merger, if consummated, would create a group with a combined market worth of about £280m and pre-tax profits of around £30m, leaving it roughly level-pegging with Willis Faber in terms of brokerage revenue.

The two brokers look on paper to make a good fit. Heath is a medium-sized operation with substantial underwriting activities, and therefore more directly exposed to the underwriting cycle than most brokers; while Hogg Robinson has sizeable operations outside insurance, including its travel agency. Neither group has managed to achieve a merger with one of the larger U.S. broking houses and by coming together now could trigger a wave of defensive domestic mergers among the medium-sized groups.

Atlantic Richfield

The only thing missing from the strategy document issued yesterday by Atlantic Richfield was the signature of Mr T. Boone Pickens. Unlike some of its competitors, Arco is embarking voluntarily on a course of action designed to increase the wealth of its shareholders. But it is difficult to imagine that the company would have proposed such a radical programme had Mr Pickens not been lurking in the background.

Arco is not the first oil company to shrink its asset base. Amoco is demerging its mining operations and buying in stock, while even the mighty Exxon has engaged in a share repurchase programme. But the Arco plan is much more ambitious than any of its predecessors. The proposed write-offs will reduce its net worth by more than a tenth, and so boost the return on shareholders' equity, while the repurchase programme would at current prices allow the group to buy in roughly a third of its outstanding equity. Taken together with the proposed capital spending reductions, the measures should boost pro forma earnings per share by at least 50 per cent.

As a company with a strong reserve position and a formidable cash flow, Arco is in a better position than most to accept a sudden deterioration in its financial ratios. Long-term debt represented only 35 per cent of shareholders' funds at the end of last year but could be closer to double that figure once the programme is complete. Yet, to judge from yesterday's jump in the Arco share price, shareholders find high gearing a small price to pay for enhanced earnings per share and higher quality assets. There is not much danger that Mr Pickens will force any British company into similar action, but the Arco model is one which BP in particular might find instructive.

Slough Estates

With roughly 90 per cent of its UK portfolio located in the south of the country, Slough Estates can afford to feel more cheerful than some about the state of the industrial property market. The 1984 report and accounts, published yesterday, find the chairman in distinctly upbeat mood and there is little in the accounts themselves to confound his optimism. The UK portfolio has thrown up a valuation surplus and vacancies are running at a very low level.

The acquisition of Allnatt has produced some increase in debt but the quality of the loan book is stronger as the majority of sterling borrowings are now on a floating rate basis. But the market, it seems, has its doubts. At 132p last night, the shares yielded 5.4 per cent – almost two points more higher than the sector average.

Arco to buy back shares

Continued from Page 1

combination of its actions should increase its net after-tax income from continuing operations by $250m in 1985. The company was budgeting earnings per share for 1985 of $5.95, and estimates that the impact of the restructuring would be to boost earnings per share to between $8.80 and $9.70.

Mr William Kieschnik, Atlantic Richfield's chief executive, said that "the petroleum industry, as well as U.S. industry generally, is undergoing major structural changes which were not widely anticipated."

Atlantic Richfield's share price jumped $5½ in early trading to $58½.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	15	59	Dubrovnik	S	14	57	Malaga	S	20	68	Salzburg	T	3	37
Akrotiri	S	23	73	Faro	S	18	64	Malta	S	17	63	Seoul	S	—	—
Algiers	S	21	70	Florence	S	—	—	Manila	S	33	91	Singapore	R	31	88
Amsterdam	S	8	46	Frankfurt	F	7	45	Miami	C	32	90	Stockholm	C	6	43
Athens	S	24	75	Funchal	F	17	63	Milan	S	15	59	Strasbourg	C	9	48
Bahrain	S	32	90	Geneva	C	9	48	Moscow	C	9	48	Sydney	F	18	64
Bangkok	C	32	90	Gibraltar	S	19	66	Munich	Sn	4	39	Taipei	S	25	77
Barcelona	F	15	59	Guernsey	C	12	54	Nairobi	C	22	72	Tangier	—	—	—
Beirut	S	22	72	Helsinki	F	7	45	Naples	F	17	63	Tehran	—	—	—
Belgrade	F	8	46	H. Kong	C	23	73	New Delhi	S	38	100	Tel Aviv	F	31	88
Berlin	Sl	6	43	Innsbruck	F	7	45	New York	F	20	68	Tenerife	—	—	—
Biarritz	F	13	55	Inverness	F	10	50	Nice	S	15	59	Tokyo	S	[illegible]	63
Blackpool	C	10	50	Istanbul	S	22	72	Oporto	S	20	68	Toronto	S	17	63
Bordeaux	C	14	57	Jersey	C	11	52	Oslo	S	9	48	Tunis	—	—	—
Brussels	C	7	45	Jo'burg	S	26	79	Paris	C	7	45	Valencia	S	17	63
Budapest	F	9	48	Las Palmas	C	19	66	Prague	Sn	2	36	Venice	S	13	55
B. Aires	C	15	59	Lima	S	22	72	Reykjavik	R	6	43	Vienna	F	5	41
Cairo	C	36	97	Lisbon	S	20	68	Rio de J'o	C	32	90	Warsaw	C	5	41
Cape Town	C	18	64	Locarno	S	14	57	Rome	S	17	63	Zurich	C	6	43
Caracas	C	28	82	London	C	9	48								
Casablanca	F	18	64	Los Angeles	C	22	72								
Copenhagen	F	9	48	Luxembourg	Sl	2	36								
Corfu	S	19	66	Madrid	S	17	63								
Dublin	C	12	54	Majorca	C	14	57								

Readings at mid-day yesterday

C–Cloudy D–Drizzle F–Fair Fg–Fog R–Rain S–Sun Sl–Sleet Sn–Snow T–Thunder H–Hail

Ford chief for Wall St

BY TERRY DODSWORTH IN NEW YORK

MR PHILIP CALDWELL, chairman and chief executive of Ford Motor for the last five years, is moving to Wall Street following his retirement from the motor industry to take a top job at Shearson Lehman Brothers, the American Express investment banking subsidiary.

The announcement follows speculation that American Express is unhappy with the investment banking side of the former Lehman Brothers Kuhn Loeb, which it bought only a year ago. Since then, Lehman's corporate finance department has not been prominent in the wave of takeover activity which has kept other Wall Street firms busy, and is said to have lost several clients.

Yesterday, Mr James Robinson, chairman of American Express, said that Mr Caldwell had had "an outstanding record in leading one of the world's premier business corporations. He comprehends what managements need from their bankers, understands the corporate process both domestically and internationally and has first-hand insight into the challenges faced by American industry here and abroad."

Mr Caldwell, 65, will be in charge of a newly formed policy committee in the bank's investment banking group.

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SECTION II – INTERNATIONAL COMPANIES
FINANCIAL TIMES
Tuesday April 30 1985

Xerox profits slip 10% after insurance setback

BY TERRY DODSWORTH IN NEW YORK

XEROX, the diversified U.S. office products group, blamed the continuing strength of the U.S. dollar and a poor performance in its insurance operations for a 10 per cent fall in earnings in the first quarter.

Net income amounted to $114m, or $1.06 a share, against $126m, or $1.20 a share in 1984, when the company had a non-recurring loss of $4m on the divestment of its Stugart operations.

The group's reprographics and information systems division, which is due to launch a range of new products today, saw first-quarter net income decline by 7 per cent to $91m from $98m a year ago.

Revenues increased slightly to $2.03bn from $2.01bn, but were depressed by the growing proportion of bought, rether than leased machines, and by the dollar. Sales in this division would have increased by 5 per cent if the unfavourable impact of currency was excluded, the company added.

Mr Peter McColough, chairman, and Mr David Kearns, president, said that today's equipment launch would introduce part of a stream of hardware and software products that Xerox plans to introduce in 1985 to "enhance its position in the information systems sector."

The new products are expected to include laser printers, two word processors built by Olivetti of Italy, a fresh version of the group's Star personal computer, and new communications cable and software to link the systems together.

Operating income in the group's financial services division fell to $34m in the quarter from $43m a year ago, while on a post interest basis, after allocating financing costs associated with acquisitions last year, the contribution to the group's net income came to $23m compared with $32m a year ago.

The earnings decline in this division was entirely due to the Crum and Forster property and casualty insurance division, where operating profits fell to $10m against $25m a year ago.

By contrast, Xerox credit and Van Kampen Merritt increased their first-quarter net income to $24m against $18m a year ago.

Mr McColough and Mr Kearns said that Crum and Forster was continuing to increase prices particularly on its most troubled commercial insurance lines, and that "we are pleased that the rate of increase is accelerating."

Allied plans share repurchase

BY OUR FINANCIAL STAFF

ALLIED Corporation, the big U.S. chemicals, aerospace and energy group, has authorised a $675m share repurchase programme and is negotiating the sale of three businesses.

The board has authorised the repurchase of 15m shares "from time to time" of its 82m shares outstanding. Financing will come from the recently announced sale of 50 per cent of Allied's Union Texas Petroleum subsidiary for $1.4bn in cash and $300m in preferred stock.

The authorisation is in addition to authority to buy 1.65m shares remaining under a previously announced stock repurchase programme. Allied has already repurchased 3.7m of its shares this year.

Mr Edward Hennessy, Allied's chairman, told the annual meeting that the company was negotiating to sell North American Refractories, C & D Power Systems and Prestolite Battery. The businesses were "not in market areas in which the company would like to expand."

Both C & D Power Systems, which makes lead acid industrial batteries and chargers, and North American Refractories increased sales and earnings last year, benefitting from the improved economy.

Mr Hennessy said the company was focusing growth efforts primarily on the chemical, aerospace and automotive operating sectors, and certain businesses in the industrial and technology sector. The company's asset redeployment plan was continuing, through the divesting of some businesses and acquisition of new concerns.

Meanwhile shareholders approved several measures aimed at discouraging hostile takeover attempts. Measures include staggering the election of directors and establishing a "fair-price" amendment.

UPI filing reveals debts of $45m

By William Hall in New York

UPI, the ailing U.S. newsagency, finally filed for protection under Chapter 11 of the U.S. bankruptcy code on Sunday evening and revealed that it owed nearly $45m, more than twice as much as had been generally assumed.

The 78-year-old agency's battle to stay in business will be helped by the filing, which will prevent creditors seizing its assets while it attempts yet again to put its financial affairs in order.

UPI's main lender, Foothill Capital Corporation, agreed over the weekend to resume financing the group's day to day operations up to a limit of around $4m. It was Foothill's decision to withdraw its financial support last week after the trade union representing UPI staff had refused to make further wage concessions that precipitated the latest financial crisis.

The newsagency, which has not made a profit since the 1960s, will now be able to pay its 1,800-strong workforce around the world. It was far from clear yesterday, however, whether it would be able to avoid asking the staff to make further sacrifices in its bid to remain in business.

In a move to increase its revenues, UPI has raised its rates by 9.9 per cent and has agreed to sell some of its communications equipment and lease it back.

Court rejects WPPSS plea on debtors

WASHINGTON – The U.S. Supreme Court declined to review a decision that freed power utilities from their debts to the Washington Public Power Supply System (WPPSS) as part of the litigation surrounding the system's bond default.

The court denied the request by WPPSS, known colloquially as Whoops, and Chemical Bank, the big New York bank which is trustee for the bonds, to review the Washington Supreme Court decision last November.

WPPSS defaulted on $2.25bn in bonds issued for 88 public utilities and rural electric co-operatives in six north-western states to finance two nuclear power projects. The plants were abandoned in 1982 because of substantial cost overruns and lower-than-expected energy demand.

The Washington decision held that the 88 utilities lacked statutory authority to enter into a 1976 unconditional agreement with WPPSS to assume payment obligations by purchasing shares of the project's future electricity.

In seeking a hearing by the U.S. Supreme Court, lawyers for WPPSS and Chemical Bank said the Washington decision raised serious questions about future municipal financing as well as "substantial issues of national importance."

Lawyers for the bondholders urged the Supreme Court to hear the case, saying it would present the fastest way of providing relief to the bondholders. Reuter

Oil groups to join revival of Boussac

By David Marsh in Paris

SUBSIDIARIES of Elf Aquitaine and Total, the two state-controlled French oil groups, have agreed to join an effort to refloat Boussac, the trouble-torn textile group which has been in the hands of receivers for nearly four years.

Participations of FFr 47.5m ($4.97m) each are foreseen from Sofipa, a financial subsidiary of Elf's Gabon oil company, and from Omnium Financier de Paris, a subsidiary of Total.

The funds will be put towards a FFr 400m capital increase planned for the end of the year for Agache-Willot, the holding company of the Boussac group, which also filed for bankruptcy in June 1981.

Ferinel, a property group from the private sector, was given government authorisation in December to take over Boussac's activities and go ahead with the fund-raising plan. The capital increase is, however, contingent on a satisfactory working out of a repayment schedule to creditors, who are owed about FFr 2.7bn through their involvement in Boussac's tangled affairs.

Other investors taking part in the capital increase, apart from Ferinel itself, are expected to be the Lazards and Worms private banking groups, British bank Charterhouse and a group of Middle East investors.

CAD/CAM PIONEER STRIVES TO CONTAIN EXPENSES AS DEMAND RECEDES

Computervision slips into loss

BY OUR FINANCIAL STAFF

COMPUTERVISION, the pioneer of computer-aided design and manufacturing (CAD/CAM) systems which this month laid off 14 per cent of its workforce, yesterday reported a fall in sales and slide into loss.

The Massachusetts-based company – which has until now grown fast and last year broke the $500m barrier in sales terms – said the net loss for the first quarter of 1985 was $18.8m or 65 cents a share, compared with earnings of $10.8m or 37 cents a share. Turnover slipped to $105.9m against $121.8m.

It attributed the result to operating expenses which were "far out of line" with its reduced revenue. This was partly because of an economic climate which it described as sluggish, as well as a lengthening in its sales cycle which stemmed from a "continuing transition" of its product line.

Apart from the 950 cut in workforce, Computervision has been acting to curb production and marketing expenses representing an effort to retain its position as CAD/CAM market leader in the face of competition from IBM. It also last year launched key models at each end of its product range.

Elsewhere in the U.S. high-technology sector Sperry, the computer systems and farm equipment group – which recently entered the CAD/CAM related field of computer integrated manufacturing – announced a boost in quarterly net earnings to $105.9m or $1.89 a share, against $86.8m or $1.63 per share.

On the basis of continuing operations the improvement was sharper, as the comparable 1984 period included a $5.4m extraordinary credit. Sales reached $1.8bn compared with $1.48bn.

The quarter to March is the last in Sperry's financial year, which as a whole produced net earnings of $286.7m or $5.15 per share, against $218.2m or $4.17 a share. This was founded on an increase in sales to $5.69bn against $4.91bn, although the profit figures included non-recurring credits of $27.2m for the latest year and $16.2m in 1983-84.

Mr Gerald Probst, its chairman, said he expected continued earnings growth for the current year provided the dollar stabilised at around current levels.

Tandem Computers, the Cupertino, California-based manufacturer, at the same time reported a surge in net profits for the March quarter, the second of its financial year, to $6.84m or 16 cents a share. This compares with a year-ago result of just $1.97m or 5 cents a share, and comes on the back of a rise in sales to $146.5m against $111.2m.

For the first half the net outcome was $20.9m compared with $12m, on turnover which rose to $306.1m against $237.6m.

In Atlanta, Georgia Mr John Akers, chief executive of IBM, told the annual meeting that despite the previously reported dip in first-quarter profits, the full year should show "solid growth in revenue and earnings."

From the current quarter, IBM was substantially stepping up shipments of the PC-AT, its most advanced personal computer, in order to meet what Mr Akers called extraordinary demand for the product.

Dutch insurer seeks listing on Nasdaq

BY LAURA RAUN IN AMSTERDAM

AEGON, the second-largest Dutch insurance company, will seek a listing on the U.S. over-the-counter (OTC) market in a bid to further broaden international ownership of its shares.

The U.S. listing, on the National Association of Security Dealers Automated Quiotation, or Nasdaq market, will be accompanied by a public offering in the U.S. of about 1m shares. This is expected to raise outstanding share capital by about 7½ per cent and shareholder equity by between Fl 150m ($42m) and Fl 175m.

The new shares will be offered at a price based on the Amsterdam share price, which closed unchanged at Fl 180 yesterday. Aegon is already listed on the London, Basel, Geneva and Zurich stock exchanges.

In a further move to promote marketability of its stock, Aegon also plans a two-for-one share split. This follows growth of nearly 8 per cent in the number of shares outstanding last year, due to conversions and stock dividends.

Aegon, which was formed in 1983 through the merger of Ennia and Ago, said it still expected to report higher earnings-per-share this year, despite the new share offering and a 2½ per cent dividend for 1984. The Hague-based insurer reported a Fl 17.17 a share profit last year.

In seeking a listing on the Nasdaq, Aegon is playing into one of its strong markets. Life, accident and health insurance businesses in the U.S. showed strong profit growth last year while the loss-ridden Miami Marine agency was closed. The insurer expects earnings from health insurance in the U.S. to fall this year but general insurance activities to improve.

Aegon, which ranks number two behind the Nationale-Nederlanden insurance company, reported a 16 per cent higher net income of Fl 264m last year. More than 54 per cent of its revenues were realised outside the Netherlands.

Marsh & McLennan maintains recovery

BY OUR FINANCIAL STAFF

MARSH & McLennan, the U.S. insurance broker, achieved net profit of $44m, or $1.20 a share, io the first quarter, maintaining its recovery since the losses on unauthorised bond trading that hit the figures a year ago.

In the comparative quarter there was a $28m or 76 cents per share loss after taking a $110m pre-tax charge relating to part of the $165m bond trading losses.

Revenues for the latest quarter were well ahead at $322m, from $281m.

For the whole of 1984 the company reported earnings 37 per cent down at $58.7m, or $1.62, from $93.8m, or $2.65. Revenue last year reached a record $1.1bn.

The rest of the bond losses were taken in 1983. Late last year Arthur Andersen, the U.S. accounting firm, agreed to pay Marsh & McLennan $19.9m to settle a suit arising out of the bond trading losses.

InterNorth sets up credit line

BY OUR FINANCIAL STAFF

INTERNORTH, the diversified U.S. energy company which has recently been the subject of takeover rumours on Wall Street, has arranged a $2.5bn line of credit with a group of banks led by Citibank.

The company said no definite plans for using the credit line had been formulated. It is currently intended to be used for general corporate purposes, and is in addition to existing lines of credit totalling $750m.

InterNorth has interests in natural gas distribution, petrochemicals and the transport and marketing of liquid fuels. The company's shares rose $1½ to $51½ on Friday, valuing InterNorth at $2.28bn.

INTERNATIONAL COMPANIES and FINANCE

N. AMERICAN QUARTERLY RESULTS

ALLEGHENY INTERNATIONAL
Consumer products, hardware

First quarter	198e $	1984 $
Revenue	507.2	497.8m
Op. net profits	5.14m	6.9m
Op. net per share	†0.35	†0.37

† Loss after pref. dividends

AMCA INTERNATIONAL
Construction products, energy

First quarter	198e $	1984 $
Revenue	353.9m	353.1m
Net profits	2.7m	2.9m
Net per share	0.06†	0.05

1 Loss – Per share figures after preferred dividends

AMERICAN BRANDS
Tobacco products, drinks, toiletries

First quarter	1985 $	1984 $
Revenue	1.73bn	1.84be
Net profits	107.5m	106.7m
Net per share	1.88	1.86

BANC ONE CORPORATION
Multibank holding company

First quarter	1985 $	1984 $
Revenue	—	—
Net profits	29.6m	26.0m
Net per share	0.78	0.69

BECTON DICKINSON
Medical and hospital supply

Second quarter	1984-85 $	198e-84 $
Revenue	287.3m	285.6m
Net profits	22.0m	13.6m
Net per share	1.05	0.65
Six months		
Revenue	540.4m	541.8m
Net profits	36.5m	25.0m
Net per share	1.75	1.23

BRISTOL-MYERS
Drugs, toiletries, household products

First quarter	1985 $	1984 $
Revenue	1.08bn	1.05bn
Net profits	124.6m	109.9m
Net per share	0.91	0.81

BORG-WARNER
Auto parts, chemicals and plastics

First quarter	1985 $	1984 $
Revenue	939.3m	947.8m
Net profits	44.8m	50.2m
Net per share	0.50	0.55

CAPITAL CITIES COMMUNICATIONS
TV stations

First quarter	1985 $	1984 $
Revenue	234m	206.8m
Net profits	27.7m	27.1m
Net per share	2.18	2.07

CHUBB CORPORATION
Property/casualty insurance

First quarter	1985 $	1984 $
Revenue	—	—
Op. net profits	24.2m	13.0m
Op. net per share	1.1e	0.70

CINCINNATI MILACRON
Machine tool maker

First quarter	198e $	1984 $
Revenue	161.5m	151.7m
Net profits	3.5m	1.8m
Net per share	0.15	0.08

CONSOLIDATED EDISON
Utility

First quarter	1985 $	1984 $
Revenue	1.44bn	1.45bn
Net profits	138.9m	144.4m
Net per share	1.10	1.11

CUMMINS ENGINE
Diesel engines

First quarter	1985 $	1984 $
Revenue	573.2m	572.7m
Net profits	29.3m	38.4m
Net per share	3.08	4.03

DART & KRAFT
Foods, chemicals, consumer products

First quarter	1985 $	1984 $
Revenue	2.34bn	2.41bn
Net profits	100.8m	107.8m
Net per share	2.09	1.97

DIAMOND SHAMROCK
Energy, chemicals

First quarter	1985 $	1984 $
Revenue	954.7m	1.1bn
Net profits	58.1m	59.5m
Net per share	0.44*	0.43

* Reduced shares outstanding

DOMINION TEXTILES
Biggest Canadian textiles grp.

Third quarter	1984-85 C$	1983-84 C$
Revenue	187.7m	208.7m
Net profits	4.7m1	4.9m
Net per share	0.37†	0.34
Nine months		
Revenue	553.7m	623.4m
Net profits	6.7m†	15.2m
Net per share	0.811	1.04

1 Loss

DUKE POWER
Electric utility

First quarter	1985 $	1984 $
Revenue	751.4m	671.3m
Net profits	134.7m	123.2m
Net per share	1.18	1.06

E-SYSTEMS
Electronics eqpt

First quarter	1985 $	1984 $
Revenue	220.5m	193m
Net profits	14.5m	15.8m
Net per share	0.48	0.52

GENERAL INSTRUMENT
Cable TV–eqpt, semiconductors

Fourth quarter	1984-8e $	1983-84 $
Revenue	226.1m	250m
Net profits	34.9m†	7.4m
Net per share	—	0.24

† Loss

IMPERIAL OIL
Energy

First quarter	198e C$	1984 C$
Revenue	2.09bn	1.96bn
Net profits	130m	95m
Net per share	0.81	0.60

IV INTERNATIONAL
Trucking, waste handling

First quarter	1985 $	1984 $
Revenue	600.3m	554.8m
Net profits	19.9m	1.9m
Net per share	†0.37	0.07

† Loss

JOHNSON & JOHNSON
Toiletries, medical products

First quarter	1985 $	1984 $
Revenue	1.59bn	1.52bn
Net profits	171.3m	149.0m
Net per share	0.94	0.78

MACMILLAN
Publishing

First quarter	1985 $	1984 $
Revenue	99.5m	77.3m
Op. net profits	491,000	346,000†
Op. net per share	0.02	0.02†

† Loss

MARTIN MARIETTA
Aerospace, aluminium & bld. prod.

First quarter	1985 $	1984 $
Revenue	1.06bn	810m
Net profits	27.8m	24.8m
Net per share	0.70	0.64

McDONALD'S
Fast-food restaurants

First quarter	1985 $	1984 $
Revenue	806.6m	758.4m
Net profits	84.3m	75.0m
Net per share	0.96	0.85

NEW YORK TIMES
Diversified media business

First quarter	1985 $	1984 $
Revenue	327.9m	297.3m
Net profits	32.3m	24.5m
Net per share	0.81	0.62

NORFOLK SOUTHERN
Railroad

First quarter	1985 $	1984 $
Revenue	862.2m	884.7m
Net profits	99.8m	103.2m
Net per share	1.59	1.64

PAINE WEBBER
Brokerage, financial services

Second quarter	1984-85 $	1983-84 $
Revenue	438.9m	383.3m
Net profits	8.5m	5.1m
Net per share	0.42	0.30
Six months		
Revenue	891.5m	758.4m
Net profits	14.6m	14.3m
Net per share	0.78	0.86

PHILADELPHIA ELECTRIC
Utility

First quarter	1985 $	1984 $
Revenue	852.3m	818m
Net profits	151.2m	134.8m
Net per share	0.79	0.81

SCIENTIFIC-ATLANTA
Satellite communications eqpt

Third quarter	1984-85 $	1983-84 $
Revenue	103.4m	95.8m
Net profits	4.1m	2.3m
Net per share	0.15	0.10
Nine months		
Revenue	319.8m	287.8m
Net profits	11.5m	8.2m
Net per share	0.50	0.35

SIGNAL COMPANIES
Mack trucks, aerospace, energy services

First quarter	1985 $	1984 $
Revenue	1.35bn	1.48bn
Op. net profits	68.1m	60.6m
Op. net per share	0.58	0.53

SHELL CANADA
Energy

First quarter	1985 C$	1984 C$
Revenue	1.57bn	1.41bn
Net profits	73m	51m
Net per share	0.62	0.42

SINGER
Sewing machines, defence products

First quarter	1985 $	1984 $
Revenue	611m	630.2m
Op. net profits	29.8m	11.8m
Op. net per share	1.59	0.60

Varta lifts payout as earnings surge

By Our Financial Staff

VARTA, the West German battery maker which is controlled by the Quandt family, reports s steep rise in profits for 1984 and plans to increase the dividend.

Having forecast higher profits earlier this year, Varta now says that parent company net earnings rose by 28 per cent to DM 29.6m ($9.5m), from the DM 23.1m of 1983.

The group, which exports almost 40 per cent of turnover, is stepping np the dividend by 25 per cent. The payment is going up from DM 6 s share to DM 7.50.

Varta's recent profits performance has been cheqnered. The dividend was held st DM 6 for the three years to 1980. It was cut to DM 5 for 1981 and for 1982 was reduced to DM 4.

Group sales last year improved from DM 1.58bn to DM 1.71bn with domestic turnover rising by 7 per cent end exports moving ahead by 8 per cent. Domestic sales were DM 1.03bn and exports totalled DM 389m.

Varta ranks as number three in the world battery-making league. Starter batteries account for some 42 per cent of turnover with appliance batteries representing around 30 per cent of total sales.

The Quandt family, whose interests range from tha BMW motor group to the Milnpa baby foods empire, own about 60 per cent of the company.

● German IBM profits rose 6.6 per cent to DM 726m ($232m) in 1984 from DM 681m, AP-DJ reports from Stuttgart. Sales rose to DM 11.27bn from DM 10.62bn.

Domestic revenue improved to DM 6.95bn from DM 6.45bn.

BNP raises net income by 14% to FFr 1.8bn

BY DAVID MARSH IN PARIS

BANQUE NATIONALE de Paris, France's biggest nationalised bank, yesterday reported a 14 per cent increase in group net profits lest year to FFr 1.77bn ($185m).

The result, which confirms the trend towards improvement in the generally low profitability of the French nationalised banking sector, was accompanied by a further strengthening of BNP's capital backing.

M Rene Thomas, the chairman, pointed out that overall capital resources st the group level last year rose 25 per cent to FFr 16.1bn. The balance sheet increased only balf as strongly — by 12.6 per cent to FFr 950bn.

An important factor bebind the capital strengthening came from last summer's issue of FFr 1.8bn in *titres porticipatifs*. M Thomas said another TP issue was "possible" this year in line with continued fund-raising.

Last year's results sbowed a sharp contrast between BNP's performance in France and abroad.

Profits before provisions and tax of the parent bank in France rose 4.6 per cent to FFr 4.98bn with Frencb subsidiaries increasing earnings 20.6 per cent to FFr 1.26bn. Gross earnings from branches and subsidieries abroad, bowever, fell 15.1 per cent to FFr 1.74bn.

The foreign setback reflected difficulties in BNP's Far East business, especially its Hong Kong operations. Transfer of some of the foreign brancbes' international credits to the books of head office, as well as the effect of extraordinary foreign security earnings in 1983, elso dampened international results last year.

Overall provisions for foreign risks last yesr totalled FFr 5.14bn, fractionally higber than in 1983. The lion's share of new provisions last year—FFr 3.8bn—reflected sovereign country risks, bringing such provisons to FFr 12bn, M Thomas said.

This represented 21 per cent of tha bank's total loans outstanding tc "problem" countries at the end of 1984—a conservative degree of coverage wblch is probably roughly sbared by another of France's top nationalised banks, Societe Generale.

New provisions on French corporate clients totelled only FFr 275m, underlining bow French banks in general belleve domestic Industrial risks bave Improved compared with the low point of the recession in 1982-83. M Thomas said BNP did not need to constitute extra provisions last yesr on its exposure to Creusot Loire, the benkrupt engineering group. He added that the bank's provisions towards the company might even turn out to be excessive.

M Tbomas said tbe heavy cost of investment in electronics and computers welghed on last year's results. Overall information technology expenditure, now running et about FFr 080m a year, increased by 25 per cent for the bank's French operations.

This compares witb overall staff costs of FFr 9.6bn whlcb rose 8.5 per cent. The parent bank's staff in France fell by 240 to 47,170 end M Thomas beld out the prospect of cuts of at least 500 a year in coming yeers to keep up with increases in productivity.

Maiden profit for Fiat Brazil

BY ANNE CHARTERIS IN SAO PAULO

FIAT AUTOMOVEIS, Brazil's fourth blggest vehicla manufacturers made its first-ever profit in 1984. It plans to invest U.S.$150m annually over the next three years.

Earnings of Cru 9.1bn ($2.9m at year-end exchanga rates) were reported on sales of Cru 1,300bn. For 1983 the group incurred a loss of Cru 49bn.

The recovery was due to exports which reached $315m —roughly half of total turnover —split evenly between the EEC and other markets. An upswing in sales to Latin America, particularly to Argentina, Venezuela, Uruguay and Chile weigbed most heavily in the latter category.

Fiat, which exports more than any other Brazilian ear manufacturer, sold well to Algeria and Taiwan as well lest year.

Domestic sales slipped for the industry as a wbole during 1984 with Fiat's sales down at 62,948 vebicles compared to the prevlous year's 70,727.

Despite slack domestic demand, Fiat improved its market share slightly, gaining 0.6 per cent to reacb 10.6 per cent of total vehicla sales in Brazil. A market share target of 13 per cent is projected for 1985 with improved sales from two new cars introduced in the last seven months.

With the turnround by the company ,the state of Minas Gerais ,a minority partner now bolding 18 per cent of the equity, announced last month that it was looking for a buyer for its shares. Fiats SpA, the Turin-besed majority shareholer is yet to decide if lt will exercise lts option to buy out its partner.

Sr Silvano Valentino, Fiat Brazil's director superintendent, stated that Fiat SpA was quite comfortable with the state of its partner and would prefer to increase the total capital invested in the Brazilian company. He declined to comment on the value of the shares up for sale, which local reports put et U.S.$450m.

Sr Valentino described Fiat's plan to inject $150m a year for the next three years in the Brazilian company as "ambitious and audacious," but stated tbet the company is awaiting e clear definition of economic direction from Brazil's new government before proceeding.

Jordan rescinds banking decree

BY RICHARD JOHNS IN AMMAN

THE NEW administration appointed in Amman earlier this month and led by Mr Zaid Rifai, Prime Minister and Defence Minister, bas rescinded the decree of its predecessor issued early in 1984 calling for "Jordanisation" of foreign banks operating in the Hashemite Kingdom.

Tbe decision bas been widely welcomed by the banking community, Including leading Jordanian institutions whicb regarded the measure as running counter to the country's policy of encouraging foreign investment.

Under the decree of the previous government, foreign banks sharing about 17 per cent of the market in terms of total assets were called upon to raise their capital to 5m Jordanian dinars ($12.32m) and make over a 51 per cent majority share to local investors within three years.

Eight banks are affected by the rescinding of the decree—the British Bank of the Middle East, Grindlays, Bank of Credit and Commerce International Citibank, Chase Manhattan, Rafidan and Almashrek Bank. Only the Arab Land Bank, an Egyptian institutions, bed complied with the decree.

In lts 1984 recent annuel report the Arab Bank, the Jordanian-registered international concern whlch has about 30 per cent of combined assets in its domestic market bere, described the decrea as "not consistent with the interests of a country sucb as Jordan, wblcb bas cbosen to be open to the outside world."

It added that "the measure is inopportune, coming et a time when the Jordanian economy is moving at a sleckened pace with remittances from ebroad at a low level and a cepital market experiencing difficulties whicb ere only too obvious."

Abrogation of the decree is In line with the liberalisation of the economy planned by Mr Rifai, who intends also to curtail the growth of public sector involvement end interference in the economy.

● Arab Bank reported a net profit in 1984 of JD 24.5m, compared with JD 22.2m, from e gross Income 25.9 per cent up on the previous year at JD 42.53m. Tbe boerd has proposed JD 7.7m to be distributed in dividends.

INTL. COMPANIES & FINANCE

BIS FINAL QUARTER FIGURES

U.S. boost for world bank lending

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

INTERNATIONAL bank lending activity rebounded in the final quarter of last year as worries about the bealth of the U.S. banking system subsided, according to new figures published today by the Bank for International Settlements (BIS).

Total bank lending grew by $55bn after an unusual drop of $5bn in the third quarter, when the interbank market contracted following problems surrounding the Chicago-based Continental Illinois Bank.

The main impulse behind the fourth quarter recovery was a sharp increase in interbank lending — up $43.5bn after a drop of $7.5bn in the third quarter — as normal business resumed, with U.S. and European banks stepping up borrowing to improve liquidity ahead of their year-end balance sheet reporting deadlines.

The BIS said, however, that when its figures are netted ont for double counting the true underlying growth rate of international bank credit was e more modest $25bn. Though this was up on its third quarter estimate of $10bn, it was significantly less than the $40bn expansion recorded in the final months of 1983.

"After showing signs of a renewed pick-up in the second half of 1983 and the first half of 1984, the underlying growth of international bank credit slowed down once more in the second half of 1984-85.

Within the main industrial countries which constitute the BIS's reporting area there was a jump in lending to non-bank entities in the U.S. They borrowed a further $5.7bn compared with $700m in the third quarter. Lending to non-banks outside the U.S., however, declined on balance, "probably largely as a consequence of the substitution of security issues for bank loans."

The BIS said one of the significant developments revealed by its analysis of international banking flows during the fourth quarter was a strong increase in the supply of funds to the banking system from countries outside the mian industrial world.

These deposits grew by $10.3bn during the quarter, making a total growth of nearly $34bn for tha year as a whole compared with just $1.2bn in 1983.

Exclnding deposits by members of the Organisation of Petroleum Exporting Countries, which in any case were small last year, this was by far the largest yearly expansion recorded in deposits from outside the reporting area, the BIS said. The inflow of funds was moreover more than twice as large as the banks' now lending to these countries.

"This meant that in contrast to the usual geographical pattern there was a large rtanfser of resources from these countries via the international banking sector to the rest of the world."

Deposits by Latin American countries grew by a record $11.4bn last year, largely reflecting the placement of reserve accruals in the Euromarket. At the same time, new lending to Latin America grew by only $3.5bn, despite nearly $10bn of non-spontaneous credits granted under IMF sponsored packages.

The BIS singled out China as the largest net creditor of the world's banking system outside the industrial world. Despite net drawings on the banks of $2.4bn during the fourth quarter, its net creditor position was still $14.3bn.

Finally, the BIS said, international lending by banks based in the UK grew marginally, by only $4.2bn or less than 1 per cent, during the fourth quarter. "This barely reversed the decline in claims that had occurred during the third quarter as a result of the shrinkage of the external books of U.S. banks in London."

Gulf set for financial mergers

BY KATHY EVANS IN KUWAIT

THE GULF appears this week to be on the verge of a series of mergers among financial institution, largely because of difficulties in the aector following a deppening of the regional recession.

In Abu Dbabi, three banks are believed poised to merge into an institution to be known as Commercial Bank of Abu Dbabi. The new bank is to receive an injection of funds, probably from the local Emirate Government. The extent of government support is not yet known, but is thought by local bankers to be large.

The three banks merging are Khalij Commercial Bank, Emirates Commercial Bank and Federal Commercial Bank. Tbeir combined assets are around 7bn dirham ($1.9bn). The Abu Dhabi Government is believed to hold 75 per cent of Khalij Commercial Bank, and is thus expected to retain a 60 per cent shareholding in the new bank with the injection of funds.

The move to combine the banks is in line with the UAE central bank's policy of encouraging banks to merge to strengthen the country financial sector. There had long been speculation in the market that the three banks had been burdened with non-performing loans from the local private sector, as have many other institutions in the country.

Commercial Bank of Abu Dhabi, if officially approved will rank about the fourth largest bank in the country.

In Kuwait, speculation is growing that a merger is being planned for three local investment and property companies wbich are now largely state-owned. They are KTFC, the Kuwait foreign trading, contracting and investment company; Kuwait Investment Company (KIC); and Kuwait Real Estate Investment Consortium. All three have suffered as a result of the collapse in 1982 of the Souk al-Manakh, the unofficial stock market, and the first two have been used by the Government as funding vehicles to belp out investors facing liquidity problems.

KIC has just reported a 66 per cent wider loss for last year to KD 32.39m ($106m) and a fall in assets of 8.5 per cent to KD 304.3m. Total shareholders' equity was reduced by 21 per cent to KD 59.56m.

One merger in Kuwait whicb was expected to go ahead, though—between Burgan Bank and Bank of Kuwait and the Middla East—now appears to have been stalled, according to local financial operators. There has ben no official explanation on the subject from Mr Jassem al Khorafi, the country's new Finance Minister. Among the reasons being debated for the apparent halt is that the original idea had been promoted by Mr Khorafi's predecessor, and the new Minister has other ideas.

TDK maintains strong recovery

By Our Financial Staff

TDK, the world's leading magnetic tape maker, maintained a strong recovery pattern in the three months to February with an 18 per cent gain in group net earnings, to Y7.70bn ($30.4m) against Y6.52bn in the corresponding 1984 period.

The company has been moving to diversify out of its traditional base, the increasingly competitive market for audio and video tapes, into the supply of general electronic materials and components including those for the car and office automation industries. This division eccounted for 57.1 per cent of sales in the quarter, a rise of 5.7 percentage points. Sales overall reached Y102.94bn against Y94.92bn.

The company attributed the improved earnings to the depreciation of the yen against the dollar, and to a reduction in manufacturing costs for its video tapes.

Profits decline at Romatex

By Jim Jones in Johannesburg

A SHARP decline in consumer spending contributed to a reduction in profits of Romatex, a leading South African textiles manufacturer, in the half-year to March.

Turnover rose marginally to R 207.6m ($106m) from R196.3m in the corresponding period of 1984. However, the interim operating profit before tax and interest almost halved to R 9.3m from R 17.7m whilo a sharp increase in the interest bill contributed to a cut in pre-tax profit to R 4.5m from R 15.8m.

First-half earnings fell to 10.8 cents e share from 42 cents and the interim dividend has been cut to 5 cents from 15 cents.

Setback for Showa Shell

By Our Financial Staff

SHOWA SHELL Sekiyu, a downstream oil company owned equally by Royal Dutch/Shell and the Japanese public, suffered a 38.4 per cent setback in consolidated net profits for last year to Y2.93bn ($11.6m) compared with Y4.75bn for 1983.

The company in its present form came into being only in January this year, as a result of a merger between Showa Oil, in which the Anglo-Dutch parent also had a 50 per cent stake, and the previously wholly Shell-owned Shell Sekiyu. The results thus include no contribution from Shell Sekiyu.

FT COMMERCIAL LAW REPORTS

Revenue can re-open tax inquiry

IN RE PRESTON: House of Lords: (Lord Scarman, Lord Edmund Davies, Lord Keith of Kinkel, Lord Brightman and Lord Templeman): April 25 1985

WHERE THE Inland Revenue requires a taxpayer to give full details of certain transactions and on the basis of the information given it agrees to cease investigating his affairs in return for his withdrawing claims for relief, it is not precluded from re-opening the inquiries after he has lost his right to claim relief if it later discovers that the information he gave was less than full and suspects that the transactions were part of a tax evoidance scheme.

The House of Lords so held when dismissing an appeal by Mr Michael Preston from a Court of Appeal decision that the Inland Revenue Commissioners were entitled to exercise their statutory powers and duties under Part XVII of the Income and Corporation Taxes Act 1970 with regard to an alleged tax advantage obtained by him

* * *

Part XVII of the 1970 Act sets out the commissioners' statutory powers and duties with regard to counteracting a tax advantage. By section 460, if they bave reason to believe that a taxpayer has obtained a tax advantage through circumstances set out in section 461, they may initiate a procedure for counteracting the advantage

*

LORD TEMPLEMAN said that in 1974 Mr Preston took employment with the Rossminster Group. It was common knowledge that Rossminster's main field of activity was tax avoidance schemes.

Mr Preston ceased to be employed by Rossminster in 1977. His tax returns for 1974-75 and 1975-76 represented that after allowing for deductions claimed, he was not liable to pay any income tax.

In 1978 bis returns were referred to the commissioners' special investigation section. It invited him to call to discuss certain matters, including his transactions in the shares of Gymboon Ltd.

Correspondence followed in whicb the commissiooers requested "full details" of the acquisition and disposal of the Gymboon shares, and a note of the circumstances in which they had increased quickly in value.

He responded on June 23 1978 that be had acquired 50 per cent of Gymboon's issued share capital et par, sold 15.4 per cent at par and "sold my remaining holding which at that tima was 846 shares of 10p each, to Broadforth Ltd . . . for £24,375." He said that Gymboon's ectivity was that of a dealer in shares and commodities, and the value of the shares had increased as a result of substantial profits generated by its dealings.

There followed a letter from the commissioners dated July 21 1978 stating that "on receipt of your claims to relief . . . I do your . . . formally withdrawing not intend to raise any further enquiries on your tax affairs."

Mr Preston formally withdrew his claim to relief. In October 1978 tax essessments were made taking that withdrawal into account.

Subsequently, the special investigation section received the Gymboon company eccounts for the year ending September 13 1977. It appeared from those eccounts that Mr Preston's Gymboon shares had been sold in the course of a tax avoidance scheme known as tha Rossminster Company Purchase Scheme.

In April 1981 the claims for relief for 1974-75, which Mr Preston had withdrawn in 1978, ceased by statute to be renewable and could not be revived. His claim for 1975-76 ceased to be renewable in April 1982.

In July 1982, in exercise of their powers under section 465 of the 1970 Act, the commissioners required information from Mr Preston concerning Gymboon's shares.

Mr Preston supplied sucb information as was available to him and on September 14, 1982 the commissioners notified him under section 460 (6) that there was reasoo to believe that section 460 applied. He made a statutory declaration pursuant to section 460(6), contending that the sale of his Gymboon shares was outside the scope of section 460, being transactions carried out for bona fide commercial reasons.

He drew attention to the 1978 correspondence and asserted that by reason of the agreement made the Revenue was now contractually precluded from seeking to apply section 460

In November 1982 Mr Preston sought leave to apply for an order for judicial review to prohibit the commissioners from taking further steps to investigate hi stax affairs in connection with Gymboon. He said that if be bad realised the commissioners would attempt to go back on their word, he would not bave agreed to withdraw bis claims for tax relief.

The commissioners, without implying bad faith on Mr Preston's part, indicated that in their view the value of his shares in Gymboon increased from £34.60 to £24,375 partly as a result of the substantial profits generated by its dealings as be bad informed them, but also partly because the effect of the Rossminster Company Purchase Scheme was to relieve Gymboon from its liability to corporation tax by artificial transactions.

Mr Justice Woolf declared that the commissioners' purported exercise of their powers pursuant to Part XVII of the 1970 Act was unlawful *([1983] 2 All ER 300)*. The Court of Appeal allowed the commissioners' eppeal from his decision *([1984] 3 WLR 945)*.

Judicial review was available where a decision-making authority exceeded its powers, committed an error of law or breach of natural justice, reached a decision which no reasonable tribunal could bave reached, or abused its powers.

In *Ex parte National Federation of self-employed [1982] AC 617, 651* Lord Scarman said that "modern case law recognises e legal duty owed by the Revenue to the general body of the taxpayers to treat taxpayers fairly." In *HTV v Price Commission [1976] ICR 170, 185* Lord Denning MR said: "It is e misuse of power to act unfairly or unjustly towards a private citizen where there is no overriding public interest to warrant it."

In the present ease Mr Preston would be entitled to relief by way of judicial review for "unfairness" amounting to abuse of power if the commissioners bad been guilty of conduct equivalent to a breech of contract or breach of representations on their part.

The sole question was wbether on the trua construction of the 1978 correspondence the commissioners purported to contract or represent that they would not thereafter re-open Mr Preston's tax assessments if he withdrew his claims for relief.

By no stretch of the imagination could Mr Preston's answer in his letter of June 23 ". . . I sold my remaining holding which et that time was 346 shares of 10 pence each to Broadforth Ltd . . . for £24,375" be regarded as providing "full details" of the disposal of those shares as requested by the Revenue, in the light of the series of steps, seven in all, wbicb were carried out for the purpose of effecting the sale.

The inhibitory effect which the Revenue's letter of July 21, 1978 would, or might have bad, on its future action was lost to Mr Preston by the fact that his letter of June 23 did not contain the full disclosure wbich it hed the right to expect ond on which it plainly relied.

The 1978 correspondence did not disclose any egreement or representetioo that the commissioners would abandoo their right and neglect their duty of raising further assessments if further information showed that further tax was chargeable.

Mr Preston obtained from the 1978 agreement that wbich he sought—namely, avoidance of the inconvenience of on interview, release from the time and trouble involved in studying and answering further qustions, and the expense of professional advice. He obtained those advantages and a speedy assessment of his tax liability on the basis of the information which he supplied in the course of correspondence.

When the commissioners received further information from the Gymboon accounts and from their investigations of the Rossminster Group, and ultimately from Mr Preston and his fellow shareholder, there was nothing in the 1978 agreement which made it unfair for them to enforce any liability to tax which they did not know to exist in 1978.

There was no abuse of power. The appeal should be dismissed.

Lord Scarman gave a concurring judgment. Lord Edmund Davies, Lord Keith and Lord Brightman agreed.

For the Revenue: D C Potter QC and Alan Moses (Inland Revenue Solicitor).

For Mr Preston: Stanley Brodie QC and Stephen Nathan (London and Scanlon)

By Rachel Davies
Barrister

BASE LENDING RATES

A.B.N. Bank	12¾%	Hongkong & Shanghai	12¾%
Allied Irish Bank	12¾%	Johnson Matthey Bkrs.	13 %
■ Henry Ansbacher	12¾%	Knowsley & Co. Ltd.	13¼%
Amro Bank	12¾%	Lloyds Bank	12¾%
Associates Cap. Corp.	14 %	Edward Manson & Co.	14 %
Banco de Bilbao	12¾%	Meghraj & Sons Ltd.	12¾%
Bank Hapoalim	12¾%	Midland Bank	12¾%
BCCI	12¾%	■ Morgan Grenfell	12¾%
Bank of Ireland	12¾%	Mount-Credit Corp. Ltd.	12¾%
Bank of Cyprus	12¾%	National Bk. of Kuwait	12¾%
Bank of India	12¾%	National Girobank	12¾%
Bank of Scotland	12¾%	National Westminster	12¾%
Banque Belge Ltd.	12¾%	Northern Bank Ltd.	12¾%
Barclays Bank	12¾%	Norwich Gen. Trust	12¾%
Beneficial Trust Ltd.	13¼%	People's Trust	14 %
Brit. Bank of Mid. East	12¾%	Provincial Trust Ltd.	13¼%
■ Brown Shipley	13 %	R. Raphael & Sons	12¾%
CL Bank Nederland	12¾%	P. S. Refson	13 %
Canada Permanent	12¾%	Roxburghe Guarantee	13¼%
Cayzer Ltd.	12¾%	Royal Bank of Scotland	12¾%
Cedar Holdings	14 %	Royal Trust Co. Canada	12¾%
■ Charterhouse Japhet	12¾%	■ J. Henry Schroder Wagg	12¾%
Choulartons**		Standard Chartered	‖12¾%
Citibank NA	12¾%	TCB	12¾%
Citibank Savings	¶12¾%	Trustee Savings Bank	12¾%
Clydesdale Bank	12¾%	United Bank of Kuwait	12¾%
C. E. Coates & Co. Ltd.	13¼%	United Mizrahi Bank	12¾%
Comm. Bk. N. East	13 %	Westpac Banking Corp.	13 %
Consolidated Credits	13¼%	Whiteaway Laidlaw	13¼%
Co-operative Bank	*12¾%	Williams & Glyn's	12¾%
The Cyprus Popular Bk.	12¾%	Wintrust Secs. Ltd.	12¾%
Dunbar & Co. Ltd.	12¾%	Yorkshire Bank	12¾%
Duncan Lawrie	12¾%		
E. T. Trust	13 %		
Exeter Trust Ltd.	13¼%		
First Nat. Fin. Corp.	14¼%		
First Nat. Secs. Ltd.	14 %		
■ Robert Fleming & Co.	12¾%		
Robert Fraser & Ptns.	13¼%		
Grindlays Bank	‡12¾%		
■ Guinness Mahon	12¾%		
■ Hambros Bank	12¾%		
Heritable & Gen. Trust	12¾%		
■ Hill Samuel	§12¾%		
C. Hoare & Co.	12¾%		

■ Members of the Accepting Houses Committee.
* 7 day deposits 9½%. 1 month 10¼%. Top Tier—£2,500+ at 3 months notice 12½%. At call when £10,000+ remains deposited.
‡ Call deposits £1,000 and over 9½% gross.
‖ 21-day deposits over £1,000 10¼%.
¶ Mortgage base rate.
** See Provincial Trust Ltd.
§ Demand deposits 9¼%.

UK COMPANY NEWS

'ICI less vulnerable to cyclical downturn'

Imperial Chemical Industries is now "substantially more proof against cyclical downturn than it has ever been," and the snurce of its profits has altered significantly over the past five years, the chairman, Mr John Harvey-Jones, said yesterday.

He toid ICI's annual general meeting that some commentatnrs *still raised questions about ICI's* vulnerability to future trade cycles and the balance between the commodity chemicals side of the business and the bigb added-value side.

Mr Harvey-Jones said be did not believe it would ever be possible to design a business totaliy invulnerabie to all economic dislocation, but ICI was now far from having all ils eggs in one basket.

In 1984, nf the profits directly attributable to businesses, 25 per cent bad come from pharmaceuticals, 22 per cent from agriculture, 15 per cent from general chemicals, 14 per cent from petrochemicals and plastics, 13 per cent from a variety of businesses — including paint, explosives, fibres and speciality chemicals—and 11 per cent from oil.

"That, I would argue, is a convincing spread of risk," said Mr Harvey-Jones, "especially when the territorial spread across the main geographic areas of the world is also takeo into eccount."

There bad also been a real sbift in the source of prnfits. Since 1979 the combined pharmaceuticals and agrochemicals slice of trading profits bad increased from just over 10 per cent tn nne-third, and the combined petrochemicals, plastics and geoeral chemiceis slice had decreased from almost balf to less than a third.

Moreover, sectors which included the so-called commodity businesses, on wbich ICI was now iess dependent for profits, would also be more robust profit earoers in future, with less potential for incurring losses wben business turoed down. This was because of the rationalisation and cost reduction which bad taken place and because they were now better quality business sectors with better product ranges.

Mr Hsrvey-Jones said there would be further change as growth came through from the recently acquired U.S. Beatrice Chemical companies, from electronic chemicals, from edvanced materials and from the application of bioscience in health care and agriculture.

Building on the group's internetionel spread of interest, ICI aimed to link its UK science and technology resources into those of the U.S. and Japan, and to link this in turn into centres of innovation either in existing ICI businesses, businesses the company grew, or those it acquired.

Mr Harvey-Jones noted that ICI's net liquid resources increased very substantially in 1984 to £628m. The company saw these resources "very much as busines opportunity assets and I expect that a bigger proportion in future will be allocated to new business development."

Senior board members of ICI pictured before yesterday's AGM. Left to right: Mr John Harvey-Jones, ehairman; Mr Sir Robin Ibbs, execntive director; and Mr Walther Kiep, nen-executive director

BAe given green light for £600m share sale

By Michael Donne, *Aerospace Correspondent*

THE WAY is now clear for the forthcoming joint Government and British Aerospace offer of shares, expected to raise ever £600m, following approval for the venture at at yesterday's extraordinary general meeting of BAe in London. The prospectus is to be issued later this week, with details of the sbare price.

The offer is for 146.85m shares ef 50p. This comprises nearly 96.9m shares owned by the Government (representing its outstanding 48.43 per cent holding in the company), and another 50m shares which BAe itself is offering to raise capital for future activities.

The offer will be in two instalments, with the first of 200p on application and the balance payable on September 10.

Shareholders yesterday approved the creation of a £1 "Special Share," to be held by the Government and designed to ensure that BAe could never be taken over by foreign interests.

This special share will net give the Government any say in how the company is run, nor confer any special financial benefits. But it will ensure that the Government can block any prospective takeover and enable it to keep a Government director on the Board.

The prospectus, due later this week, will require epplications for shares to be submitted not later than May 10.

Sir Anstin Pearce, chairman, said that BAe itself did not need cash now, but it had been advised that it would be better for it to raise cash for future needs at the same time as the Government share sale, rather than wait.

A number of major programmes would be forthcoming through the rest of this decade, which would need capital. Although he did not enumerate these, they include finance for such new civil ventures as the Advanced Turboprop airliner (ATP) and *continued development of* such other airliners as the BAe 146.

Acquisitive Simon tops £25m and continues advance

Simon Engineering, the Cheshire-based group which bas been busy on the acquisition front in recent months, pushed its 1984 operating profits up by over £6m and bas got off to an even better start in the current year.

The dividend for 1984 is being stepped up from an edjusted 7p to 8p net per 25p share, the final being 5.5p.

All but one of the group's activities showed profit improvements, although these were offset to some extent by a downturn by the associates and a fall of close to £2m in interest receivable.

Group turnover rose from £376m to £521m from whicb operating profits of £23.24m (£17.09m) were generated.

Pre-tax profits improved by 18 per cent, from £21.72m to a record £25.62m. These were struck after taking account of essocietes' iosses nf £87,000, compared with previous profits of £394,000, and edding in interest receivable of £2.47m, down from £4.23m.

Part of the improvement resulted from a full year contribution from Drake & Scull, bnt much of the Increased profit was due to benefits being gained from investments made in new products and from management ections to improve the efficiency of the core operations.

The group has interests in specialized mechinery, process plant contracting, merchanting and storage and oil services.

Mr H. Harrision ,the chairman, tells sbareholders that recovery in the capital goods industry remains petchy but thet the improved 1984 results, the better order book and other favourable features encourage him to "bope that the worst of the recession is now passing." He adds that 1985 has "certainly seen e better start than 1984.

The directors are continuing to give priority to the generation of organic growth but will also seek suitable acquisition opportunlties in energy-related and other technologies.

They believe the group is well placed to piay an important part in the deveiopment of China's growing market for capital goods of all kinds.

A divilonal breakdown of turnover and operating profits shows: process plant cootracting £86.61m (£98.82m) and £5.32m (£5.77m), engineering services £170.36m (£38.04m) and £2.4m (£833,000), food engineering £78.59m (£69.29m and £3.01m (£622,000), manufacturing £87.3m (£70.52m) and 4.5m (£4.13m), merchanting and storage £73.49m (£82.01m) and £5.61m (£4.92m) and oil services £24.51m (£17.47m) and £2.31m (£1.21m). The associates' results are also included. Figures for 1983 in engineering services comprise the pnst-acquisitinn turnover and profit contribution of Drake & Sculi.

The manufacturing operations showed some improvement and the restructuring of tbe container machinery facilities in tho UK and the U.S., which was carried out in 1983, resultod in much improved profits. The Access divisinn finisbed the year with order books looking "significantly healthier."

Tax for 1984 accounted for £7.26m (£5.91m) and minorities for £2.49m (£981,000). Extraordinary debits wore reduced from £6.74m to £1.11m and left the evailable balance at £14.76m, compared with £8.09m.

Pre-extraordinary items earnings per share showed an improvement of 1.8p at 27.6p. After the extraordinaries (excluding 1983 deferred tax of £2.2m) earnings amounted to 25.7p, against 17.9p.

● comment

Taking over Drake and Scull has turned out to be anything but simple for Simon Engineering. The acquisition which added a sixth division to the group has brought with it "disappointing" results — a loss on UK activitias boiding back an otberwise reasonable performance. Part of the problem is slow payments, especially by hard-pressed local authorities, but Drake and Scull's UK overbeads would also seem to be too high. Elsewbere bowever, the group bas managed to do better than tbe market expected, taking tbe shares 5p bigher to 254p. Food engineering recovered well from a poor 1983 with the beip of strong demand especialiy from overseas, including China. Merchanting and storage was one of the few Britisb businesses to gain from the miners' strike — benefiting from an increased demand for oil from power stations. Process piant contracting, however, is still forced to operate in very patchy and highly competitive markets. With 1985 opening better than 1984, Simon Engineering could reach £30m pre-tax this year. This prospect might be enough to raise the shares a little — they trade on a multiple of about 8½ oo a 30 per cent tax charge — Simon's sound qualities deserve slightly better.

Polymark losses cut sharply

ACTIONS taken by Polymark International to stem the losses being incurred by the French operation are reflected in the group's results for 1984.

Polymark France swung from losses of £470,000 to profits of £87,000 and enabled the parent to cut its overall pre-tax deficit by £310,000 to £16,000.

Group turnover for the year improved from £19.95m to £24.03m and net operating income came through £353,000 ahead at £791,000—Polymark is a supplier of agricultural machinery, laundry care and labelling systems.

Net Interest charges rose to £728,000 (£649,000) but exceptional provisions were reduced from £215,000 to £179,000.

These comprised redundancies, mainly in Polymark France. This company began 1985 in leaner shape and with a healthy order book for laundry equipmeot. Shereholders are told thet the French company has now "attained a degree of stability wbich suggests that the improvements in performance achieved in 1984 should at least be austained."

Present trends and developmenls in all divialons are described as "encouraging" and despite a ponr first quarter fnr the technographics sector "significant progress" abould be achieved by the group in 1985.

The laundry divaiaon started 1985 with an encouragingly bigh order book and bas now secured two major erders from North America for its Futurail overbead conveyor systems. The directors say current prospects augur well *for a satisfactory performance in* 1985.

Group tax for 1984 accounted for £86,000 (£79,000), minorities added £4,000 (£50,000) and extraordinary debits rose to £120,000 (£101,000). The loss for the year emerged at £318,000, against a previous £556,0000, equal to a loss per 10p share of 9.39p (14.15p).

● comment

Polymark's bard times are not yet e thing of the past. Dividend payments bave been passed on both ordinary and preference stock and its shares are struggiing to stay above their par value of 10p. The rationalisation ef the French unit bas taken longer than expected—it accounts for most of the exceptional and extraordinary losses this time—although the bope is that with ooe third less staff 1985 will see this subsidiary maintaining the recovery began in the second half of last year. A change in managing director at the technographics division plus £300,000 in cost savings' measures has restored hope of e return to the black. The agricultural division is something of an anomaly—it was the group's first major diversification out of laundry equipment distribution. Red ink here has concentrated managements' minds on finding a trans-Atlantic partner for e manufacturing joint - venture aimed at the European merket. With the shares now trading at 11p none but the most long-term thinking ef optimists will be in a buying mood.

DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corresponding div.	Total for year	Total last year
Richards (Leicester) ...	nil	—	1	nil	2
Simon Engineering	5.5	July 1	5*	8*†	7*
Triefus	0.05	July 9	0.05	0.05	0.05
Wadkin	1	—	3	3	3
James Beattie	4.25	July 2	3.4	4.25	3.4
Crown Productions int	1.05‡	June 14	—	—	—
French Kier	4.6	July 1	4.15	6.15	5.6
Grampian TV	3.7	—	3.3	5	4.5
Lowland Invest ......int	3	June 19	2.3	—	6.5
S. Lyles ....int	2.5	June 3	2.5	—	5.5
P. & W. Maclellan	1.1	—	1.1	1.7	1.6
John Menzies	2.25	—	2*	3.38	3*
Peters Stores ....int	0.5	June 17	1	—	2

Dividends shown pence per share net except where otherwise stated.
* Equivalent after allowing for scrip issue. † On capital increased by rights and/or ecquisition issues. ‡ USM stock. § Unquoted stock.

Fraser wins over Ingall with surprise £10m offer

BY LIONEL BARBER

THE House ef Fraser stores group, which owns Harrods, iast nigbt announced a surprise agreed £9.6m bid for the Midiands-based funeral group Ingall Industries.

The offer capped the £7.3m offer by the Greater Midlands Co-operative Society which bas been constesting fierceiy.

Last night, a House of Fraser spokesman said: For many years we bave bad a sideeble funeral business in Scotland and bave looked for opportunilies to expand in the south.

"Ingalls is a well managed company of the right size and geographical spreed, and we are pleased to have the recommendation of the board."

Tbe Ingall board and its financial advisers, County Bank, said it considered the offer fair and reasonabie and urged Ingell sharebolders ot accept the offer.

House of Fraser is offering 105p in cash for every Ingall share.

Ingall directors bave agreed to give irrevocable undertakings to eccept in respect of 498,441 Ingall shares, representing 5.46 per cent of the issued share capital.

House of Fraser, wbich was recently acquired by the Egyptian Al-Fayed brothers in a £615m takeover bid, bas three funeral companies in Scotland: W. T. Dunbar in Edinburgh, Wylie & Lochhead in Glasgow, and Gordon & Watson in Aberdeen.

Talbex bids for Yorkgreen

Talbex Gronp, an industrial holding company beeded by Mr Devid Greeo, is making a £1.66m all-paper takeover bid for Yorkgreen Investments, another boiding company which is also chaired by Mr Green.

Talbex, whose shares closed at 7½p last night, down ½p on the day, is offering two of its shares for every Yorkgreen ordinary, valuing them at 15p each. Yorkgreen's shares closed at 13p last night, up 3p on the day. Yorkgreen shareboiders wonld be entitled to retain the final dividend of 0.2287p for the year to last October.

Talbex bed pre-tax profits of £23,000 in the year to last July and one of £82,000 for the six months to January. Its net assets last July totalled £1.1m. Yorkgreen has just announced pre-tax profits of £145,000 for the year to last October.

Talbex owns 2.7 per cent of Yorkgreen. Mr Green and his immediate family own 18.02 per cent of Yorkgreen and 14.72 per cent of Talbex. Yorkgreen owns 9.97 per cent of Talbex.

Group Lotus revival plan 'is paying off'

BY JOHN GRIFFITHS

LONG-TERM planning for the revival of Group Lotus "is now paying off," the specialist cars and engineering group's chairman, Mr David Wickins, said yesterday.

He was commenting on an improvement in Lotus' pre- and post-tax profits last year to £476,000 from £275,000, on turnover up sharply from £12.77m to £16.8m.

The relatively small increase in profits is attibuted mainly to the tough line the group is taking on writing off research and development expenditure: more than £1.2m last year.

The group, in which Mr Wickins' British Car Auctions Group has the principal, 26 per cent stake, 'has never looked healthier," claimed Mr Wickins.

Engineering consultancy work, seen as e major area for expansion for the groop, increased by 58 per cent last year and there are now £17.6m worth of committed contracts, involving 25 projects spread among 17 different clients, said Mr Michael Kimberley, group managing director.

Revenue from vehicles and service was up 25 per cent last year, while car sales in the UK increased from 383 to 547. Total sales reached 845 from 647 and the group expects to sell nearly 1,000 in the current year.

Investment by the company is increasing to a high level as it prepares for the launch early in 1987 of its new X100 sports car.

Mr Kimberlay said Lotus was spending £2.5m on capital equipment and tooling linked mainly to its engineering work, and a further £2-2½m on facilities and development mainly linked to the new sports car.

Some 92 new jobs have been created et the company's Hethel, Norfolk, headquarters during the past 12 months. A further 87,000 sq ft of buildings bave also been added, both to handle the increased engineering work and to prepare for production of the X100.

Exco chief receives £100,000 pay rise

By Frank Kane

IN THE latest of e spate of large performance-releted salary increases, Mr John Gunn, chief executive of financial services group Exco International, received e pay rise of nearly £100,000 in 1984.

The increase, disclosed yesterday with the publication of the group's annual report and accounts, brought Mr Gunn's total remuneration to £223,652, 76 per cent np on the previous year. It compares with e recently-revealed everage salary for UK chief executives of around £50,000.

Mr Gunn benefitted from Exco's profit sharing scheme, introduced last year, whereby salaries of senior executives rise proportionately to the incerase in earnings per share ebove a threshold of 10 per cent, np to a maximum of two-thirds of basic salary.

Exco last year showed pre-tax profit of £80.67m against £32.46m, with earnings per share stated et 37.3p, an increase of nearly 32 per cent.

Mr Gunn pointed out yesterday that his 1984 salary figure was overstated by taking the year-end sterling/dollar rate of $1.16, and added that he considered the eps yardstick the toughest, but fairest, of performance-related criteria. "It puts me in the same position as shareholders," he said.

The 76 per cent rise is the largest, in percentage terms, of recent salary rises for captains of UK industry. Mr Patrick Sheehy of BAT had e 33 per cent rise, announced last week, while Mr John Harvey-Jones of ICI and Mr Owen Green of BTR, earlier revealed pay rises of 68 and 46 per eent respectively.

Public offering and rights from AEC

The application lists for the offer for sale of American Electronic Components, which is being floated on the USM with a valne of £22m, close tomorrow.

Merchant bank Samuel Montagu is offering 10m shares at 20p to raise £20m for the company. Laing and Cruickshank is the broker to the issue.

The company was formerly traded under rule 535 under the name Americal Old Fields Systems. But it has put an end to its loss-making activities in oil and gas and is being recapitalised to finance the $20m (£18m) purchase of Durakool, a manufacturer of mercury switches, based in Indiana.

In addition to the public offering, AEC is raising £17.6m with a nine-for-one rights issue. Neither issue is underwritten, but institutional investors have undertaken to subscribe for shares not taken up.

AEC is forecasting pre-tax profits of not less than $4.1m on sales of $12.75m for the year to the end of June. At the issue price, the shares are valued at eight times forecast earnings, on a 21 per cent tax charge.

APV Holdings

The 1984 accounts of APV Holdings show a compensation payment of £149,000 for loss of office. Mr P. B. Hamilton resigned as e director and as group chief executive in July.

Improving trend lifts French Kier to £16.4m

THE TRENDS reported at halfway by the French Kier Holdings group of civil engineers have continued through the second balf, and for the full 1984 year the group has pushed up both turnover and profits before tax by 15 per cent.

Shareholders' dividend is being raised by nearly 10 per cent. A final payment of 4.6p gives a net total of 6.15p, compared with 5.6p in 1983. Their funds at the year end were equal to 157p per share.

Turnover in the year rose from £285.34m to £326.64m while the pre-tax profit was up from £14.33m to £16.35m. Geographically, the turnover was split as to UK and Republic of Ireland £219.74m (£171.05m), Africa £23m (£19.94m), Far East end Pacific Basin £20.44m (£24.17m), North America and Caribbean £49.81b (£35.6m), Middle East £13.65m (£34.57m).

Mr J. C. Mott

Looking at the sub group results, chairman Mr J. C. Mott says within Construction in Europe turnover rose 32 per cent to £196.43m, but the profit fell back from £7.93m to £4.15m, "e level et which the margin appears to be comparable to that reported by other UK construction companies."

Within Construction Overseas turnover was almost maintained et £105.47m (£108m) and there was e substantial increase in profit from £2.83m to £8.43m. A provision made in earlier years in respect of e tunnel contract in Fiji proved adequate, but a British aid funded road contract in Kenya suffered further externally imposed delays. An increase in an earlier provision has been incorporated into this year'e results.

Mr Mott says the good results achieved on other contracts, together with a higher than usual incidence of contract completions, more than offset this problem. Both the Fiji and Kenye contracts have recently been brought to satisfactory construction completions.

Profits and Services provided £13.47m (£14.81m) of turnover and £646,000 (£700,000) of profit, while Property Development and Investment produced a turnover of £11.27m (£13.2m) and a profit of £3.12m (£2.87m) in spite of the absence of major land and commercial development sales. For the first time net rents receivable exceeded £2m and there was an increased return from residential development.

As regards the Baghdad-Abu Ghraib road contract in Iraq the terms of agreements signed last September have been implemented by all parties. The joint venture continues to maintain e presence in Baghdad in order that the due legal processes may be concluded and all necessary clearances obtained. The last, and smaller, tranche of money will become payeble when these procedures have been conclnded.

A first reduction, of £3.09m, has been made to the extraordinary provision made in the 1982 accounts.

After tax £7.35m (£5.99m) and minorities £88,000 (£107,000), the net profit for 1984 comes to nearly £9m (£8.23m) for earnings of 18.7p (17.3p) per share. There are extraordinary credits of £615,000 (£1.88m) which this time comprise reduction of the provision £3.09m and surplus on sale of properties £81,000, less branch and depot closure costs £678,000 and tax of £1.87m.

The tax charged against profits is, after taking into account £2.02m deferred, £3.48m double tax relief, and debiting £307,000 prior adjustments.

On the outlook for the current year, Mr Mott says there have already been "certain encouraging signs" and he expects "ecceptable results" to be achieved by the group in 1985.

● comment

French Kier is operating in such e poor market that it takes more than one unexpected good set of results to shift the company's rating. It wasn't so much the 1984 total — some £¾m more than the City was expecting—but the breakdown between home and overseas contracting profits that was surprising. The three-fold increase in profits from overseas resulted in part from a disproportionately large number of completed contracts: while e halving of the contribution from Europe (which effectively means the UK) reflects the extent to which margins have been squeezed by fierce competition for the few contracts going. French Kier will be lucky to repeat their 1984 overseas performance this yeer — order books are down, with increases in Africa and the Caribbean not quite compensating for the collapse in Middle East markets. However, the higher turnover in the UK for 1984 should feed through into slightly higher profits this year, although no recovery in margins can be hoped for. The company's cash pile continues to grow, and now that the Iranian contract dispute is settled, it may pursue a more active takeover policy, perhaps to increase exposure to U.S. contracting and property sectors. In the meantime, interest receivable could help lift profits to £17½m, which on a 45 per cent tax charge puts the shares at 127p on a p/e of 6½. The shares yield 6.9 per cent.

Wadkin pulled down by U.S. and machine tools

WEAKNESSES in its U.S. operation and the machine tool division have hit Wadkin in 1984 and, after substantially higher interest, profit before tax has fallen from a restated £373,000 to £47,000.

The directors stress that the two problems will not affect the current year, and say activity overall has continued at a satisfactory level in the first quarter. They are holding the dividend at 3p net, with a final of 1p.

Wadkins, U.S. was expected to show increased profits over the year. But only in February was it found that management had entered into rontracts without regard to company procedures or normal commercial practice, and specific losses and reserves of £650,000 have hean incurred and taken up in the resutts.

In machine tools, pbasing in deliveries fell short of plan with a ronsequent under-recovery of fixed costs and an over-run of cash required for stock and work. The division returned to profit over the past two months and has remained eo in the first quarter of 1985.

The remainder of the group maintained the reeovery which atarted two years ago. A few divisions have to meet rontinuing dcvelopment and reorganisation costs as they romplete their rationalisation programmes and, therefore, bave yet show their full profit potential.

Orders at home were affected by a decline in the woodworking industries, but to soma extent this has been offset by an increase in exports.

The directors are looking to the current year to afford more stable ronditions, so that the strengthened management can concentrate upon further improvements in productivity and profitability.

Sales in 1984 expanded from £26.57m to £34.13m, hut costs were higher end tha operating profit fell to £604,000 (£812,000). Interest cbarges came to £578,000 (£42,000). After tax £84,000 (£20,000) there is a loss per share of 0.77p (earnings 7.35p).

Boddingtons buys wholesaler

MANCHESTER-based **Boddingtons' Breweries** is to acquire a majority shareholding in Ogden Wade, the North West wholesaler of beers, wines, spirits and minerals.

The proposed deal forms part of the brewer's strategy to strengthen sales in the important take-home sector of the drinks market.

Mr Ewart Boddington, chairman of Boddingtons said: "The market is changing. Our company is very dependent on beer, particularly in the pub trade. We must move with the market and we saw Ogden Wade as a company with expertise in selling to both the free trade and the off-licence trade."

The two companies have had e trading relationship for six years with Ogden Wade being one of the main distributors of Boddingtons' beers in the take-bome market.

Boddingtons, wbich bas enjoyed near cult status for its draught cask-conditioned beers in the Manchester area, bas recently been focusing attention on the off-licence trade with the launch of a keg beer.

Mr John Dunsmore, of Edinburgh-based stockbrokers Wood Mackenzie, said: "The acquisition is part of a search for new customers by a company that relies for the vast majority of its sales through it own pubs. It is a logical move, following on the addition of a keg beer brand to its beer portfolio."

Profits some way off for TI loss-makers

REMEDIAL ACTION in the loss-making divisions of TI Group is making good progress, but the company still does not expect the non-core businesses to make a profit in the current year.

Ronnie Utiger

Mr Ronnie Utiger, the chairman, told sbarebolders at the annual maeting that the activities in *question* — Ralelgh cycles, Cold Drawn Tubes, machine tools and the U.S. gas cylinders plant — would "have to show acceptable progress in meeting targets which have now been established."

In 1984 total losses in thesa sectors rose by £9m to £16m after an improvement had been expected for the year. Overall taxahle profits were up from £16.3m to £19m.

The chairman said that the first quarter of the current year had been a period of intense ectivity to get the gronp as a wbole moving forward again. The core businesses continued to trade satisfactorily.

UK sales of bicycles in the first quarter were disappointing but Raleigh increased its market share and imports were at a much reduced level. Production control and quality hava improved, and a number of cost reduction measures are being implemented progressively, said Mr Utiger.

"At Cold Drawn Tubes we are examining with British Steel Corporation the options for the future of the business. In the meantima managemant action has reduced the rate of loss substantially in the first quarter."

He went on to say that the gas cylinder plant in the U.S. had done the detailed planning to run down work-in-progress efficiently and would complete its production schedules about mid-year.

"After that, cylinders will be supplied from the UK for finishing in the U.S.

"There will be exceptional costs arising and the benefits from this action will not become evident until the fourth quarter of the year," Mr Utiger added.

Heavier losses at Peters Stores

LOSSES INCURRED by Peters Stores in the second balf of last year have continued in the current term, and for the six months ended December 29 1984 beve accelerated to £276,000, after interest charges of £405,000.

In view of this poor performance and the continuing trend in the current period, the directors are halving the interim dividend to 0.5p.

In the comparable six months of 1983 the company earned a profit of £64,000 after absorhing interest cbarges, but that was overturned by a loss of £200,000 in the second balf.

Peters mainly retails leisure wear through shops in the North of England, and is also engaged in property development. In the 1984 half-year the retail division did not live up to expectations and continued to incur losses despite the modernisation programma.

The directors are continuing with their efforts to reduce costs but shops sales, whila abead of last year, remain disappointing with the second half also proving to be very difficult. Net sales in the period came to £5.72m (£4.79m).

On the property side, rental income continoes to grow but the large increase in interest rates will more than offset any growth and hold back future developments, the directors warn.

Richards (Leicester) deeper in the red

THE COST of rationalising the product range at Richards (Leicester) left the group deeply in the red for 1984 and, as in the case of the interim dividend, the final is also being passed.

Turnover for the 12 months edged ahead from £5.91m to £6.22m but after closure expenses, stock provisions and redundancy costs totalling £215,585 and higher bank interest charges losses at the pre-tax level accelerated by £261,688 to £458,864.

The major disappointment rontinued to be a further decline in UK demand for the ductile iron pipes provided by RDV Engineering.

However, the directors bave decided to withdraw from this activity and roncentrate on Richards Foundries and the several rore businesses which comprise the Richards Structural Steel Company.

Shareholders are told that all of these are judged to offer profitable opportunities in the present economic climate.

The current year has started better, especially in the engineering and atructural activities. The foundry results are not yet on target hut are beginning to recover.

Management accounts for the first quarter confirm the progress. After allowing for bank interest the group is now back in profit and borrowings have been reduced.

With a higher order book the directors expect the improvement to be maintained.

For the past year bank interest charges accounted for £81,825 (£50,312). Provisions comprised closure costs of £32,397, stock provisions of £139,309 and redundancies £43,879 (£40,143).

A tax credit this time of £43,000 (£113,133) and extra-ordinary credits last time of £71,000 left the loss for the year at £415,864, against n previous £13,043.

Loss per 25p share emerged at 20.8p (4.2p). Dividends for 1983 totalled 2p net and absorbed £40,000.

Tipping on part of the group's 16.6-acre "edge-of-town" site is now complete and subject to planning consent the future development potential of the land is under consideration.

IN BRIEF

Grampian Television, programme contractor for North Scotland, saw its profits before tax rise from £1.18m to £1.23m in the year to February 28, 1985.

The pre-tax figures were after Exchequer levy of £385,000 (£307,000) but were subject to tax of £629,000 (£480,000). A final dividend of 3.7p raises the net total from 4.5p to 5p per 10p share. A scrip issue on a two-for-one basis is also proposed.

* * *

Assam-Dooars Holdings, an investment bolding concern, more than doubled pre-tax profits in 1984 from £181,502 to £400,666 and has lifted tha single final dividend by 50 per cent to 9p. Earnings per £1 sbare climbed from 6.27p to 31.25p.

* * *

Edinburgh Oil & Gas, e USM stock, incurred doubled net losses of £2.08m, against £1.02m, in 1984 on turnover ahead at £606,827 compared with £85,905.

The single final dividend is held et 0.15p per share. The loss per share was stated at 19.55p (10.43p).

* * *

Norman Hay, engaged in electro-plating and anodising, returned slightly lower taxable profits of £577,000, against £605,000, for 1984 on turoover down from £5.63m to £5.85m.

The final dividend is unchanged at 2.315p, making 3.753p (3.565p). Earnings per share were 7.8p (8.3p), after tax of £263,000 (£272,000).

* * *

Wingate Property Investments, a USM stock, experienced a fall from £737,000 to £500,000 in pre-tax profits for 1984. Turnover was higher at £2.17m, against £1.96m.

The dividend total is being raised to 1.7p (1.5p) by a higher final payment of 1.2p (1p). Earnings per sbare rose to 4.02p (3.79p) after a tax credit of £45,000 (charge £244,000)—there was also an extraordinary credit of £759,000 (debit £5,000) whicb boosted attributable profits to £1.31m (£494,000).

Wingate is eogaged in property investment and development.

* * *

Pre-tax profits improved from £1.64m to £1.7m at **Samnel Properties** for tha half year to end-1984. Turnover of this property investment group rose by £1.34m to £8.2m.

The interim dividend is 1.6p (1.5p). Stated net earnings per share amounted to 3.59p (3.81p), after tax of £685,000 (£552,000).

* * *

From turnover ahead by almost £1m to £14.3m, hosiery and knitwear maker **Towles** bas lifted its profit before tax by £246,000 to £580,000 for tbe year ended February 28, 1985. Tbe dividend is pushed up from 2.4p to 2.9p net.

The profit was struck after distribution costs £259,000 (£320,000) and administration expenses £1.94m (£1.65m). After tax £208,000 (£48,000) the net profit is £372,000 (£286,000) for earnings of 15.06p (11.5p) per sbare.

* * *

Singapore Para Rubber Estates, engaged in rubber and oil palm production in W. Malaysia, increased pre-tax profits for 1984 from £275,000 to £466,000 on turnover ahead at £1.21m against £714,000.

The single final dividend is lifted from 0.8p for the nine months to end-1983 to 1.1p. Net earnings per 5p share are stated at 1.88p (1.37p).

* * *

Fairey Holdings, the engineering sector of the Pearson group, which publishes the Financial Times bas completed the £2.5m purchase of the bigb tension insulator sobsidiary of AI Industrial Products, after the Office of Fair Trading said it was not referring the deal to the Monopolies Commission.

Fairey's subsidiary, Doulton Insulators, and AI togetber accounted for 95 per cent of the UK high tension insulator market.

* * *

A second quarterly dividend of 1.75p is declared by **British Assets Trust** in respect of the year ending September 30 1985, and this indicates a rate of note less than 6.95p for the year, compared with 6p previously excluding the special 1.5p.

At March 31, the net asset value bad increased to 250.2p, against 198.3p a year ago.

In the half year ended March 31 1985 nat taxed revenne advaneed from £2.46m to £2.95m, and earnings were 2.98p (2.47p).

Menzies' purchases ahead as profits climb to £17m

MARGINS IMPROVED by 0.5 per cent to 3.4 per cent at John Menzies in the 1984-85 year, and lifted the taxable outcome by nearly 30 per cent to £17.1m, in line with market expectations.

The group also served notice of its readiness to expand its mainstream activities with acquisitions.

A final recommended dividend of 2.25p, up from 2p, means a total of 3.375p, a rise of 12.5 per cent. The shares put on 7p yesterday to close at 287p.

Mr John Menzies, the chairman of this Scotland based newsagent and bookshop group, calls the result for the 52-week period to February 2 1985 an "excellent performance" compared with the £13.2m for the comparable 53 week year, and says that all areas contributed to the increase.

He adds that the current trading year has got off to a good start, and he has "high hopes" of another satisfactory increase in profits.

The chairman also says that the cash proceeds from the sale during the year of Lonsdale Technical and John Menzies (Leasing), together with the reduction in lease finance, has created e strong balance sheet available for expansion of the mainstream distribution business. "A number of propositions are being actively considered," he says.

Over the past five years investment through capital expenditure and acquisitions in the main business has amounted to more than £35m. The most recent area of expansion was the introduction of financial services counters in two of the group's Scottish stores.

Turnover increased from £461.2m to £505.3m, from which net operating costs, including interest paid of £2m (£2.2m) took £488.2m (£448m).

The company decided during the year to concentrate its resources in the distributive area, where it considers its corporate knowledge and skills reside, as opposed to services. This was the rationale for the disposal of the two offshoots, of which the leasing subsidiary was sold at a loss. This, however, was less than the charge required to cater for the full impact of the 1984 Finance Act on leasing activities.

An extraordinary debit of £2.2m (£5.2m) represents the net charge arising from the two sales. The tax bill for the year totalled £7.9m (£4m), including a provision for deferred tax unchanged at £0.6m. Earnings are stated at 16.1p per share against 15.9p.

From attributable profits of £7m against £3.9m the dividend on the ordinary shares will account for £1.87m, an increase of £0.2m.

● comment

John Menzies has been one of the winners in Fleet Street's multi-million-pound bingo games. The wholesale division, accounting for about half group profits, was well ahead last year on the back of strong newspaper sales. This year has begun well but the improvement is expected to peter out later since falling newsprint costs make cover price increases far less likely than last year. Menzies' retail division, however, should maintain its healthy rate of progress, as gains achieved by tighter cost control and steady store expansion continue to come through. Menzies' newly-expanded operations in library supplies and stationery wholesaling are also in good shape. The shares, up 15p to 291p, are keeping pace with events at the company, having risen by more than 30 per cent since the beginning of the year. Assuming pre-tax profits of £19.5m and a 41 per cent tax charge, they trade on e multiple of over 41. This seems high enough: Menzies is far less of a retailer than others in the sector, including W. H. Smith.

William Boulton

In view of the reorganisation being undertaken by the William Boulton Group of engineers and founders, the directors feel it is "clearly impossible" to give any meaningful indication of the likely results for the current year ending June 30, 1985.

For the first six months to December 31, 1984 the group was still in loss, incurring a pre-tax balance of £465,000, against £487,000, after exceptional costs of £56,000 (£211,000) and interest £298,000 (£360,000). Again the dividend on the 5.95 per cent redeemable cumulative prefrence shares is being passed—this means it is 12 months in arrear to April 30, 1985.

Mr John Briggs, the chairman, says that some companies in the group are currently trading at a more profitable level.

He has already said that positive actions are needed urgently to get the group back to profit.

Crown Intl. upgrades dividend forecast

Rapid expansion is being achieved by Crown International Productions, which specialises in making film and video programmes for broadcasting and non-broadcasting use, and the directors are upgrading their dividend forecast for the year ending September 30 1985.

They are to pay a total of 2.8p net, and have declared an interim of 1.05p, compared with 2.1p promised last March when the shares were introduced to the USM at 60p each.

directors were looking for not less than £300,000, excluding an exceptional £251,000 already realised. For the six months ended March 31 1985 they report a profit of £202,000, telling shareholders that trading in the period has exceeded expectations, and pointing to a "further substantial increase" in business in the second half.

They say group activities will continue to develop with the opening in August of the Crown TV Centre in Esher, providing increased facilities for higher levels of production and enabling the group to consolidate its premier position.

Sales for the first half moved ahead from £662,000 to £750,000 and the trading profit from £124,000 to £227,000. Including the exceptional credit, the profit came out at £453,000 (£82,000) subject to tax £46,000 (£7,000), for earnings of 6.8p (1.2p) per share. There is also an extraordinary debit of £44,000 (£18,000).

MINING NEWS

Amax incurs loss in first quarter

BY KENNETH MARSTON, MINING EDITOR

A NET loss of $35.3m (£28.8m), equal to 59 cents per share, is reported for the first quarter of 1985 by Amax, the U.S. diversified natural resources group. It compares with net earnings of $8.2m in the first quarter of 1984.

However, a less sombre picture emerges when the latest quarterly loss is compared with that of the final quarter of 1984 which amounted to $53m before end-year write-downs of $206m. First quarter pre-tax earnings from operations improved to $23m from $9m in the previous three months.

This does not alter the fact that Amax continues to suffer from low prices for its base metals and agricultural chemicals.

Compared with a year ago, the past quarter's sales amounted to $547m against $646m. A fall in the last quarter of base metals agricultural chemicals, petroleum and iron ore was partly offset by increased sales of molybdenum.

The lower agricultural chemical sales reflect the closure of phosphate mining operations, while the reduced oil and gas sales result from last year's sale of a 50 per cent interest in the company's domestic facilities.

Results for the first quarter of this year were also adversely affected by the continued strength of the U.S. dollar in the period, although there were still foreign exchange gains which provided most of the $4m net income on the latest occasion.

Unlike non-U.S. producers of dollar-priced commodities, Amax does not have the exchange rate benefit of dollar revenue converted into the lower valued non-U.S. currencies.

The recent weakening in the value of the U.S. currency, however, has led to some improvement in prices of dollar-priced commodities and — provided demand for these products is maintained — Amax may be able to show some further improvement in its results for the current quarter.

Noranda optimistic despite accelerating losses

Noranda Mines, Canada's major natural resources group, has made a first quarter loss of C$9.9m (£5.9m), or 15 cents per share, compared with a restated profit of C$31m a year ago and a loss of C$3.6m in the final quarter of 1984. But it hopes to do better in the rest of this year.

The latest results have been hit by the continued rise in the U.S. and Canadian dollars against most other currencies, and a steady retreat in pulp and lumber prices. However, the Canadian dollar stopped rising in February and in March the U.S. dollar began to decline.

Mr Alfred Powis, the chairman, said at the Toronto meeting: "If this represents a new trend, as we believe, and if the economic recovery continues as we expect, the impact on the markets . . . should be very favourable."

Mr Adam Zimmermen, president and chief operating officer, thought that Noranda could be profitable in the second quarter and be expected to report a small profit for 1985.

He pointed out, however, that only a closure of productive capacity would bring about a recovery in aluminium prices while timber operations continued to be affected by oversupply and foreign competition.

Noranda is to make a share offer for the rest of its 68 per cent-owned Fraser forest products subsidiary. Mr Powis said that the offer would be more than C$17 per share.

He added that the acquisition would allow Noranda to combine tax reporting of its unprofitable U.S. aluminium operations with Fraser, which is profitable, with the result that Fraser's income would not be taxable.

Newmont declines

NET INCOME of the U.S. Newmont Mining—in which London's Consolidated Gold Fields has an interest of some 26 per cent—fell to $3.1m (£2.6m) in the first quarter of 1985. This compares with $17.35m in the final quarter of 1984 and $11.81m in the first three months of that year.

Compared with the first quarter of last year, pre-tax income in the latest period from the gold interests fell to $5.3m from $8.8m in line with lower bullion prices. The contribution of the energy interests fell to $11.6m from $15.6m.

Atlantic Cement lost $70,000 after tax in the latest quarter compared with a loss of $1.6m a year ago. Earlier this month Newmont agreed in principle to sell Atlantic Cement to the UK Blue Circle Industries for $145m. Its earnings are expected to "rebound sharply" during the rest of the year.

Afro-West raising £2.5m

THE SMALL Australian exploration company, Afro-West Mining, plans a public offering of shares to raise A$5m (£2.46m). The aim is to fund a further two years of exploration on its diamond prospects close to the big Argyle Diamond Mines joint venture owned by CRA and Ashton Mining in Western Australia's Kimberley region.

Afro-West first came to prominence in 1981 when it disputed the mining rights of the Argyle partners to what is set to become the biggest volume producer of diamonds in the world, but the subsequent legal action was settled in favour of the joint venture.

The target of Afro-West's current exploration programme is to prove up between 11m and 22m tonnes of diamond-bearing alluvial material at a grade of between a half and one carat per tonne.

Triefus reduces losses

Triefus, which is involved in the marketing, processing and valuing of diamonds, made big inroads into its losses in 1984, cutting them from £1.15m to £214,000. A year ago the company received financial backing from Asahi Diamond Industrial of Japan and Lieber and Solow of the U.S., who subscribed for shares giving them together control of 56.5 per cent of the Triefus enlarged ordinary capital.

The dividend for the year is held et 0.05p net, from a loss per share of 1.117p (29.38p).

By the end of the first half the company had incurred e loss of £195,000, and the directors say the improving trend has been borne out by internal reports for the first three months of 1985," which are encouraging."

The 1984 net attributable loss, however, has increased from £260,000 to £537,000, as a result of a tax charge this time of £368,000 (credit £134,00) and e drop to £221,000 (£898,000) in extraordinary credits—profits on sale of surplus properties. Minorities take £178,000 (£147,000).

Smaller Companies

Net asset value per 25p share, deducting prior charges at market value, came to 90.76p, against 73.7p at the Smaller Companies International Trust for the year to the end of March 1985. The directors say they intend to pursue the sole objective of capital appreciation.

Net income came to £710,229 compared with £580,042 and earnings per share were shown as 1.77p (1.44p). A final dividend of 1.2p (1.05 adjusted for a one-for-one scrip) makes a total of 1.7p (1.55p adjusted). The directors say that a dividend of not less than 1.2p will be paid for the current year.

BOARD MEETINGS

TODAY

Interims:—Cosalt, North Atlantic Securities, Windsor Securities.

Finals:—Allebone, Britannia Arrow, Charter Consolidated, Farnell Electronics, J. J. and D. Frost, Hanons, William Jacks, OK Bazaars (1929), PSM International, Raybeck, Roberts Adlard, Ropner, Rush and Tompkins, Tarmac.

FUTURE DATES

Interims:—

Aspinall Holdings	May 21
Cronite	May 23
GR (Holdings)	May 2
Tyne Tees Television	May 7
Wolverhampton and Dudley Breweries	May 29

Finals:—

Clive Discount	May 7
European Ferries	May 8
Lee Cooper	May 7
Lyle Shipping	May 7
Marks and Spencer	May 7
Photax (London)	May 3
Richardson Westgarth	May 3

TECHNOLOGY

EDITED BY ALAN CANE

Alan Cane assesses the market in the light of Japanese experience

Robots' slow march on Europe

ASSEMBLY REMAINS the manufacturing operstion least amenable to automation.

But in Japan, where latest estimates suggest there could be as many as 16,000 robots in action, as many as 10,000 are likely to be involved in assembly operations, carrying out tasks like iuserting plastic trim retainer clips in car doors or placing semiconductors on printed circuit boards.

The statistics are impressive. In one company which manufactures different typea of electrie fan, assembly is carried out by 17 robots.

Retooling time is only three minutes compared with 40 using traditional assembly methods and the workforce for this operation has been reduced from 64 to five.

Robot assembly lines are still comparatively rare in Europe and the U.S., however. A new report, Light Assembly Robots in Europe ($1,900 from the New York based consultancy Frost and Sullivan) notes: "When one considers the sopbistication of numerically controlled tools, injection - moulding machines and computer aided design and manufacture, then the sight of long assembly lines manned by—across Europe—hundreds of thousands of people doing aimple repetitive tasks seems quite archaic."

It says, bowever: "Assembly robots are very new. Before 1979-1980, only Olivetti was commercially available on the market. Since tben, the number of companies supplying this market bas grown considerably with over 30 in Europe. The market itself is still very small."

A Dalnichi-Sykes PT 600 robot picking up a valve seat to insert into a Jaguar AJ6 cylinder head

Frost and Sullivan estimates that in 1983 there were only 722 assembly robots in use in Europe, and about 70 per cent of those were being used by the automotive industry, traditionally the leader in automated manufacturing.

It expects a growth rate of about 35 per cent a year to the end of the decade giving a total figure of 6,180 robots in 1990.

Half of those will still be in the car industry, the rest will be spread througb electronics and the domestic appliance industries.

Wasbing machines and cookers, power tools and electric sbavers are the kinds of products which could be assembled by robots.

The market leaders in the supply of assembly robots to Europe are the Digital Electronic Automation Company (DEA) of Turin, Italy, which manufactures the Pragma A3000, and Unimation of the U.S. Between them, these two companies supply about half the European market. The Pragma A3000 is generally recognised as the leading assembly robot in Europe.

The leading user of robots in Europe is West Germany which is expected by 1990 to account for more than 45 per cent of the European market.

Italy and France come next followed by the UK. Sweden uses comparatively few assembly robots whieb is surprising because of its strength in antomated manufacturing. Until late 1984, bowever, its main robot manufacturer Asea bad not built a robot specifically for assembly. This has been remedied with the launch of the IRB 1000, part of its fast assembly station concept.

In the UK, Unimation has about 45 per cent of the market followed by Fairey with 20 to 30 per cent. Frost and Sullivan predict that IBM will take an increasing share of the UK market: "These companies are up against the sheer marketing weighl of IBM, its vary powerful software and the fact that many companies bave IBM computers. It is worth remembering that robots need powerful computers to operate effectively. IBM's comment is that robots are, in essence, computers with arms."

Minicomputing at a micro price

A FEW COMPANIES—Compaq is a good example—are distinguishing themselves by bucking the trend towards flat or declining revenue growth in a personal computer market which has lost its sparkle.

The common factor among those companies seems to be that they have identified a nicbe in wbicb to specialise and to steal a march on IBM.

Compaq, for example, identified the trend towards transportable personal computers and established a lead; then it took advantage of IBM's lack of top-of-the-range PCAT machines to woo users with its Deskpro desk top computers.

Altoa Computer Systems of San Jose, California, similarly aeems to be on the rigbt track. Established eight years ago, it is likely to turn over more than $150m this year.

That area is multi-user computing—running a number of workstations off a single high-powered processor. It was the only way to work when processors were expensive. With the advent of inexpensive personal computers, however, the trend was towards the professional machine that stood by itself.

Now executives are finding they need to exchange information between themselves and move dala to and from the corporate mainframe.

Hence the fact that "networking," connecting compulers together so they can communicate between themselves, has become the trend.

So multi-user computing has become unfashionable. What Altos is doing, however, is to provide the power of a minicomputer at a microcomputer price. So although the company does build a stand-alone personal computer system, its chief sales are to the medium-sized and bigger companies looking for more cost-effective minicomputer processing, rather than a leap into the totally different environment of personal computer networking.

Altos's new multi-user machine, the 3068, can accommodate 30 users simultaneously. It uses the latest 32-bit Motorola 68020 microprocessor and achieves its speed and power through a combination of clever packaging and smart software techniques, including pipelining.

Altos is used in the UK by Britisb Telecom, Reuters, the Stock Exchange and Citibank, among nthers.

A. C.

School test for Green Paper on recording copyright

A GREAT flurry of activity will be evident today in many offices of British film, video and TV organisations. Today is the deadline for responses to the Government'a Green Paper on the recording and rental of audio and video copyright material.

At the centre of issues brought up by the Green Paper is the proposal for a levy on pre-recorded and/or blank tapes. The copyright owners want a levy to reimburse them for losses suffered from illegal consuper recording; film producers want a levy to provide funding support from video viewers, who provide the industry'a biggest audience but lowest revenue. But the tape manufacturers and some consumer groups are enraged at the idea—calling it rougb justice and an attack on personal freedom.

There is, bowever, anothar sector whose views and problems have received little attention in this trendy debate—education. The copyright issues in education provide a model for analysis, affecting everyone. This was reflected in the wide ranging delegate list at a London conference two weeks ago, organised by the Britisb Universities Flm and Video Council under the title: The Future of Film and Video Distribution in Education.

That the future should be called into question at all is a sign of the traumatic changes that electronics bave brought into the established order of things. In the comfortable days, teachers used 16mm films, which arrived by post. A small but dedicated industry was built up to service these users—film production companies specialising in educational malerial, and distributors wbo spent most of their days absorbing school curricula and talking to teachers.

Three things have bappened to change all that: The arrival of much cheaper pre-recorded videocassettes (coinciding with cuts in educational budgets); the development and extension in broadcast TV services for education; and the availability of VCRs to time-shift programmes for the convenience of the curriculum rather than TV schedulers.

The lower dnplicating cost of pre-recorded videocassettes—perhaps less than £10 for an educational programme against nearly £100 on 16mm film—has depressed the market for 16mm copies which wear out more quickly and can carry a higher mark-up.

The availability of more and often glossier educational material on television has atruck an even barder blow at the traditional suppliers of classroom films. It is free. And with a VCR available, the teacher can record it and use it at any time required. Under these circumstances, in a social service burdened with budget problems, who wants expensive educational films which are cumbersoma to use and costly to dispatch? Who, indeed, even wants the much cheaper and more convenient pre-recorded videocassette?

Such are some of the issues, as indeed most speakars at the conference confirmed. One traditional education film producer/distributor — the respected and old-established Boulton-Hawker Films—examplified the problem with a statistic from last year. Tha company's educational catalogue was mailed to 8,000 schools; and yielded only 10 responses.

Hard-nosed businessmen and politicians may rightly say that if they are now available more efficiant ways of distributing

Video & Film

BY JOHN CHITTOCK

educational material, then the costly and the inconvenient should be allowed to wither. Quile right, perbaps. But the more efficient ways—broadcast television time-sbifted on to VCRs—create a new set of problems: copyright infringement and the nightmare of clearing royalties and so-called residual fees for those creatively involved.

The copyright difficulty for educational users bas been partially solved by making licences available. The ITV companies, Channel Four, BBC and the Open University all have licence schemes whereby educational authorities and institutions may pay an annual fee which allows them to record certain programmes and keep them for a specified period.

Not all programmes come within such schemes, however, and teachers would dearly like to have access to the entire broadcast TV spectrum—but impracticable as long as broadcasters face and avoid that nightmare of negotiations over subsidiary rigbts and residuals.

Proposals focused on the Green Paper could eliminate, in one fell swoop, most if not all of these obstacles. One favoured idea is to legalise off-air recording as a trade-off for the imposition of a levy on blank videotape. This would allow educationalists access to anything on television and without paying for a licence.

If that happens, however, it could drive the final nail into the coffin of tbe commercial educational producers and distributors. In some cases, if that is the price to pay for progress it may not matter. But a few perform a valuable social service wbich cannot survive in the market place and bas no substitute on television. Concord Films Council is typical of these, a registered cbarity specialising in films on social welfare, healtb and the environment; and Boulton-Hawker, whose films are geared to the curriculum unlike most TV material.

One suggestion to assist worthy causes is to use some of the blank tape levy to support important but uncommercial activity, instead of giving it to the copyright owners and residual claimants. The price that producers ought to charge for expensively made educational films and videocassettes, aimed at a small and impoverished market, is way above the £23 quoted by Boulton-Hawker for a biology video programme. But even at £16—for a video copy of the recently launcbed Video Education Magazine—one LEA had the nerve to expect a deal that would permit them to make copies for 700 schools.

It is clear that in education, at least, users are unwilling and unable to pay a proper market price for tailor-made material. Instead, they will turn increasingly to broadcast television and copy it (sometimes illegally) on to video. But that could be a fool's paradise. Somebody pays in the end; and if it is not the user, the first principle of marketing—providing the customer with what he wants — could be forgotten. Indeed, with television facing its own crises, is the future of educational programming safe if left entirely to the broadcasters?

Lotus in PC link with Intel

LOTUS DEVELOPMENT, creator of the best-selling "1-2-3" integrated software package has been co-operating with Intel, the San Jose, California, semiconductor manufacturer to develop a series of products giving the personal computer used significantly more power.

Last week, the two companies announced a technical specification which allows personal computer software to work with larger amounts of memory, a micro-to-mainframe link which permits two-way communication between microcomputers and IBM mainframes and an enhanced version of the Lotus Symphony integrated software.

The new Symphony is the first product to make use of the Lotus/Intel memory specification.

The development of an expanded memory specification was a response to customers wbo needed greater memory to run larger applications.

The new version of Symphony is able to work with Intel's 8087 and 80287 chips which carry out mathematical compntations. More in the UK on 0753 840281.

Floppy standard

THE 3.5-in floppy disc drive seems set to become the standard for portable computers. At tbe recent Comdex fair in Japan, manufacturers were showing 3.5-inch drives in "envelopes"—the entire drive casing—only an inch thick.

One drive, from Citizen, had a capacity of either 500,000 bytes or a million bytes and needed only a 5 volt power source.

Teac, Canon, Fujitsu and Juki were showing the slim 3.5-in drives.

Teac and Ricoh were also showing half beight, hard disk units with a capacity of np to 25m bytes of storage.

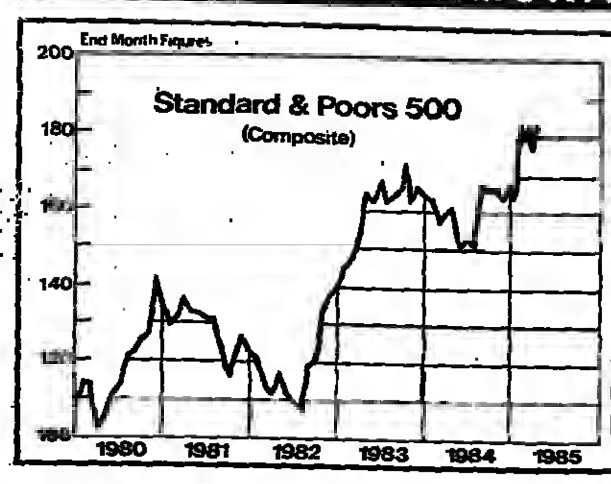
Company Notices

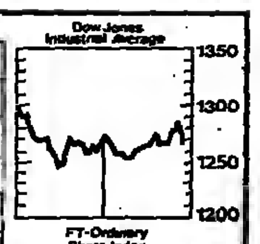
FINANCIAL TIMES

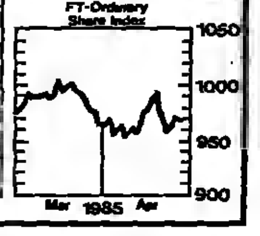
Tuesday April 30 1985

Record month ahead for D-Mark Eurobonds, Page 40

KEY MARKET MONITORS







STOCK MARKET INDICES

NEW YORK	April 29	Previous	Year ago
DJ Industrials	1,264.24*	1,275.18	1,169.07
DJ Transport	578.72*	586.25	497.74
DJ Utilities	154.39*	154.75	125.39
S&P Composite	181.21*	182.18	160.43
LONDON			
FT Ord	968.5	970.9	910.1
FT-SE 100	1,292.9	1,295.3	1,138.2
FT-A All-share	622.24	623.22	534.84
FT-A 500	683.19	684.83	583.43
FT Gold mines	508.8	521.2	676.6
FT-A Long gilt	10.57	10.60	10.34
TOKYO			
Nikkei-Dow	closed	12,465.92	10,981.6
Tokyo SE	closed	969.86	861.11
AUSTRALIA			
All Ord.	868.7	874.1	753.8
Metals & Mins.	561.5	573.7	534.1
AUSTRIA			
Credit Aktien	79.73	79.05	55.24
BELGIUM			
Belgian SE	2,223.83	2,228.67	–
CANADA			
Toronto			
Metals & Minls	2,038.5*	2,036.9	2,114.0
Composite	2,654.6*	2,657.7	2,329.2
Montreal			
Portfolio	130.98*	131.12	112.42
DENMARK			
Copenhagen SE	187.70	192.15	200.75
FRANCE			
CAC Gen	215.4	215.5	177.2
Ind. Tendance	117.5	117.6	93.2
WEST GERMANY			
FAZ-Aktien	422.51	426.05	358.2
Commerzbank	1,230.1	1,235.7	1,032.8
HONG KONG			
Hang Seng	1,497.37	1,506.49	1,054.3
ITALY			
Banca Comm.	279.38	278.76	216.16
NETHERLANDS			
ANP-CBS Gen	210.5	211.0	160.4
ANP-CBS Ind	169.9	169.4	127.9
NORWAY			
Oslo SE	326.06	324.26	286.44
SINGAPORE			
Straits Times	795.53	796.65	998.12
SOUTH AFRICA			
JSE Golds	–	896.2	981.5
JSE Industrials	–	1,076.4	988.1
SPAIN			
Madrid SE	108.72	108.73	82.77
SWEDEN			
J & P	1,445.05	1,449.45	1,510.15
SWITZERLAND			
Swiss Bank Ind	424.5	423.9	378.1
WORLD	Apr 26	Prev	Year ago
Capital Int'l	202.8	203.7	188.6

GOLD (per ounce)

	Apr 25	Prev
London	$323.50	$321.50
Zürich	$322.25	$323.25
Paris (fixing)	$322.34	$322.51
Luxembourg	$323.25	$323.00
New York (June)	$327.10*	$325.20

* Latest available figure

COMMODITIES

(London)	Apr 29	Prev
Silver (spot fixing)	507.90p	520.85p
Copper (cash)	£1,253.00	£1,262.00
Coffee (May)	£2,117.00	£2,126.00
Oil (spot Arabian light)	$27.35	$27.35

CURRENCIES

	U.S. DOLLAR		STERLING	
(London)	Apr 29	Previous	Apr 29	Previous
$	–	–	1.23	1.2165
DM	3.111	3.1315	3.83	3.81
Yen	252.65	252.8	311.0	307.25
FFr	9.49	9.55	11.7	11.635
SwFr	2.6115	2.6125	3.215	3.175
Guilder	3.5165	3.54	4.325	4.3075
Lira	1,987.0	2,000.5	2,442.5	2,434.5
BFr	62.65	63.1	77.0	76.8
C$	1.368	1.36575	1.6825	1.66

INTEREST RATES

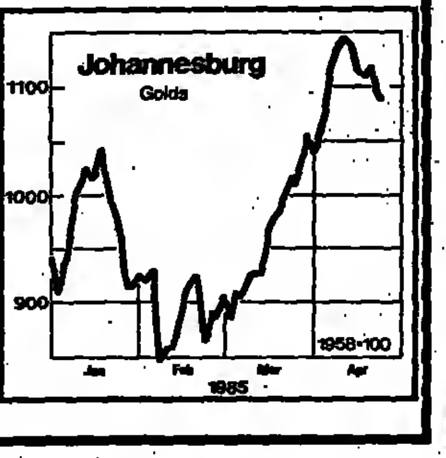
Euro-currencies (3-month offered rate)	Apr 29	Prev
£	12¾	12$^{13}/_{16}$
SwFr	5$^{5}/_{16}$	5½
DM	5$^{13}/_{16}$	5$^{13}/_{16}$
FFr	10½	10$^{9}/_{16}$
FT London Interbank fixing (offered rate)		
3-month U.S.$	8¾	8$^{11}/_{16}$
6-month U.S.$	9	9
U.S. Fed Funds	8$^{5}/_{16}$*	7¾
U.S. 3-month CDs	8.30*	8.30
U.S. 3-month T-bills	7.82*	7.78

U.S BONDS

Treasury		Apr 29*		Prev	
		Price	Yield	Price	Yield
9⅝	1987	99$^{23}/_{32}$	9.96	99$^{27}/_{32}$	9.88
11⅝	1992	102$^{6}/_{32}$	11.308	102$^{17}/_{32}$	11.21
11¼	1995	98$^{26}/_{32}$	11.426	99$^{17}/_{32}$	11.32
11¼	2015	97$^{23}/_{32}$	11.495	98$^{1}/_{32}$	11.42
Corporate		Apr 29*		Prev	
AT & T		Price	Yield	Price	Yield
10⅜ June 1990		11.20	96⅜	95⅞	11.50
3⅞ July 1990		77⅞	9.50	77	9.85
8⅝ May 2000		77⅞	11.95	78⅜	11.85
Xerox					
10⅞ March 1993		93.589	11.90	94⅞	11.85
Diamond Shamrock					
10⅜ May 1993		92⅝	12.10	93¼	12.05
Federated Dept Stores					
10⅜ May 2013		86¼	12.10	87.753	12.30
Abbot Lab					
11.80 Feb 2013		97.186	12.15	96.686	12.35
Alcoa					
12¼ Dec 2012		97.295	12.60	96.411	12.85

FINANCIAL FUTURES

CHICAGO	Latest	High	Low	Prev
U.S. Treasury Bonds (CBT) 8% 32nds of 100%				
June	70–17	70–21	70–11	71–00
U.S. Treasury Bills (IMM) $1m points of 100%				
June	91.96	91.98	91.90	92.03
Certificates of Deposit (IMM) $1m points of 100%				
June	91.34	91.36	91.28	91.46
LONDON				
Three-month Eurodollar $1m points of 100%				
June	90.96	91.05	90.92	90.97
20-year Notional Gilt £50,000 32nds of 100%				
June	106–19	107–02	106–18	106–20



WALL STREET

Difference of opinion on outlook

A FRESH setback in the bond market thwarted hopes of any further advance by Wall Street stocks yesterday in the wake of last week's peaks in the Standard & Poors 500 and NYSE composite indices, *writes Terry Byland in New York.*

At 3pm the Dow Jones industrial average was down 10.94 at 1,264.24.

Today brings two important hurdles for the New York markets, in the form of the expected announcement of a massive $20.5bn refunding programme from the U.S. Treasury, and the disclosure of the Commerce Department's leading economic indicators for last month.

Bond prices sagged by half a point or so ahead of the Treasury announcement. Some analysts think that the economic indicators will show a further rise, for the third consecutive month, and thus reduce chances of an easing in Federal Reserve policies. Others, however, believe that the Fed is deeply concerned about the economy and will try to bring rates down, including its own discount rate.

In the stock market, the blue chips which have been held back by weakness in the credit markets, a lacklustre trend in corporate results and a shortage of institutional cash in the market, again found it hard to make headway.

However, the oil sector strengthened after Atlantic Richfield (Arco) announced a major restructuring which sparked hopes of similar moves by other oil majors.

Arco bounded $5¼ ahead to $58⅞ in heavy trading in response to the board's announcement, which included a higher dividend payment and a $4bn stock repurchase programme.

Wall Street regards Arco's move to restructure assets to the benefit of stockholders as a response to investor's dissatisfaction with the flood of predatory bid thrusts at the oil industry. Hopes of similar measures elsewhere saw Mobil rise $⅜ to $31⅛, Amerada Hess by $⅝ to $31⅞, and Chevron by $½ to $36⅛.

Among the strongest oil stocks was Standard Oil of Ohio, controlled by BP, the UK group at $49⅝, Sohio put on $1⅛ while Standard Indiana gained $1⅛ to $65⅝.

IBM shed $⅛ to $126⅞ and similar losses were recorded elsewhere among the technology issues. Digital Equipment, still affected by the recent profits statement, lost a further $1¼ to $100⅞.

In the motor sector, Chrysler was again a dull feature with a $⅞ fall to $34⅞. American Motors rallied $⅛ to $3⅛ after apparently solving workforce problems at its Toledo plant. General Motors shed $⅜ to $68 and Ford $½ to $41⅞.

The session's batch of corporate results brought a fall of $⅞ to $48⅛ in Xerox, and of $½ to $50⅞ in Sperry, the defence and technology group. Allied, the chemicals, energy and fibre company, added $½ to $45⅝ on a planned share buyback.

Unocal edged up $⅛ to $48⅛ as Wall Street awaited a court decision on whether Mr T. Boone Pickens's group can legally tender its stake in Unocal's $3.6bn offer to buy back 29 per cent of its own stock. Crown Zellerbach rallied $⅝ to $41⅝, after Friday's fall on the board's decision to spin off some units. The market was undecided on prospects for a new move by Sir James Goldsmith who withdrew his offer of $42.50 a share for a controlling stake.

CBS added $⅛ to $105⅞, still well short of the price put by Mr Ted Turner on his bid, which is entirely in new scrip.

Airline issues had a weak session. United dipped by $⅛ to $41⅛ and American, a major rival on the domestic routes, shed $⅝ to $40⅝. Pan American which is selling its Pacific operations to United, was $⅛ down at $5⅛.

Retail issues weakened on reports that trading remains highly competitive. Sears shed $⅜ to $33⅜, and American Stores, at $52⅛, gave up $⅛. On the American Stock Exchange, BATS, the UK tobacco and retail group which owns Sachs Fifth Avenue and Gimbels, both in New York, eased $⅛ to 4^{5}/_{16}$.

Renewed fears about legal responsibilities upset other tobacco shares. R. J. Reynolds fell $1⅞ to $82½ while Philip Morris shed $3⅛ to $90⅛.

In the credit markets, the split in opinion over policies of the Fed remained, and traders reacted cautiously to a rise in Federal funds to 8⅜ per cent, at which level the Fed announced three day system repurchases.

LONDON

Stronger £ gives some comfort

THE neutral stance taken by leading London equities over the past two weeks followed through into the first session of the new trading account yesterday.

The only sector to attract any worthwhile interest was government stocks. Domestic and overseas operators were encouraged by sterling's marked recovery from an initially lower rate against the dollar and the ensuing demand for gilts tested the authorities for stock. But later, the tone softened and longer-dated stocks moved away from the highest levels.

The FT Ordinary share index closed a net 2.4 lower at 968.5.

Chief price changes, Page 32; Details, Page 33; Share information service, Pages 34–35

HONG KONG

LATE selling in Hong Kong took prices lower as the market entered a period of consolidation.

The Hang Seng index slipped below the 1,500 level for the first time in a week, shedding 9.12 to 1,497.37.

Jardine Matheson dropped 30 cents to HK$11.70 as takeover rumours continued. Hongkong Wharf was 10 cents lower at HK$6.25 amid speculation about a restructuring of the group's property interests.

Speculative buying assisted utilities in moving higher against the trend. The upward move was led by Hongkong Electric, up 5 cents at HK$7.65, and Hongkong Telephone, HK$1 ahead at HK$77.

SINGAPORE

A LETHARGIC mood overcame Singapore with some investors electing to sell stock to end the losses they had already sustained. The Straits Times industrial index drifted 1.12 lower to 795.53.

High palm oil prices kept plantations stocks higher, however, against the trend. Both Consolidated Plantations and Highlands and Lowlands added 9 cents to S$3.00 and S$2.57, respectively.

SOUTH AFRICA

GOLD shares in Johannesburg suffered as a result of mass sackings at two South African mines. A total of 17,500 black miners have been fired after a weekend of unrest and work stoppages.

Vaal Reefs, the world's biggest gold mining complex which sacked 14,500 workers and is owned by Anglo American, dropped R8.50 to R183.50.

AUSTRALIA

PROFIT-TAKING in the resources and mining sectors left Sydney stocks lower across the board in quiet trading. A fall in gold and commodity prices internationally combined with a further drop in the domestic currency to assist the trend.

In oil and gas issues, Santos was sharply lower at A$6.06, off 24 cents despite a rise in first-quarter profits. Ampol Petroleum shed 5 cents to A$1.80.

CANADA

TORONTO drifted lower, in line with trading on Wall Street. Resource and oil and gas issues showed moderate losses, with golds recording small gains. Blue chips were little changed.

Utilities and banking issues were slightly lower in Montreal, and industrials, where changed, were marginally higher.

EUROPE

Holidays prove an inhibition

RENEWED uncertainty over the outlook for the dollar, together with restraining influences ahead of public holidays in many centres this week, left European bourses unable to make much headway yesterday.

In **Frankfurt**, prices settled back after advancing to successive records on each of last week's five trading sessions. The Commerzbank index was down 5.6 at 1,230.1.

Some light demand for bank stocks took Deutsche Bank and Dresdner Bank up DM 1.80 each to DM 474 and DM 212.30 respectively, while Commerzbank was unchanged at DM 170.

In the motor sector, Daimler was unsettled by uncertainty over its planned 68 per cent stake in Dornier, the aerospace group. Daimler shed DM 5.50 to DM 679.

Volkswagen, scheduled to release full-year figures later in the week, dipped DM 1.30 to DM 204.50. Porsche fell DM 34 to DM 1,195 ex dividend, and BMW eased DM 3 to DM 363.50.

In the chemicals sector, BASF slipped 80 pfg to DM 206 while Hoechst shed 30 pfg to DM 215. Bayer firmed 10 pfg to DM 215.50.

In electricals, IWKA shed DM 1 to DM 318 after its recent surge, while Siemens was unchanged at DM 540 and PKI rose a strong DM 10.50 to DM 624.

The announcement of a large DM 8.4bn March trade surplus had little impact on bourse trading, although it did underline recent export successes of the manufacturing industries.

Bonds were little changed in dull trading with much of the attention focused on the Bundesbank's announcement that banks intend to lead manage a total of 18 D-Mark Eurobonds in May totalling DM 5.04bn.

The Bundesbank sold DM 17.2m of domestic paper after purchases totalling DM 33.6m last Friday.

Many **Amsterdam** investors remained absent from the market, making an early start to today's public holiday marking the Queen's birthday.

The ANP-CBS general index slipped 0.5 from Friday's record high to 210.5.

Royal Dutch, which had led Friday's rally, eased down Fl 1.50 at Fl 208.30. Unilever was Fl 1.80 lower at Fl 349.70, but Hoogovens picked up 40 cents to Fl 60.70 ahead of its annual report later in the week.

Insurers proved a firm spot with Amev up Fl 3 at Fl 240 and Natned gaining 70 cents to Fl 68.50. Aegon was not traded ahead of its announcement, late in the day, that the company will place about 1m shares in the U.S. and also split its stock 2 for 1. The shares closed at Fl 180 on Friday.

In the banking sector, ABN fell Fl 3 to Fl 429.50 and Amro was Fl 2.20 lower at Fl 74.60, ex its Fl 2.20 final dividend. Brewer Heineken lost Fl 2.90 to Fl 153.40 ex its Fl 2 final dividend.

Bond prices were steady to marginally higher, in slow trading.

A mainly lower trend emerged in **Brussels** in quiet trading. Among exceptions, wire maker Bekaert, up BFr 180 at BFr 5,710, and retailer Delhaize, BFr 100 ahead at BFr 8,000, extended Friday's gains helped by their strong earnings performances in 1984.

Among holding companies, Société Générale de Belgique lost BFr 25 to BFr 1,885 and Sofina shed BFr 60 to BFr 7,150.

Paris was mixed to marginally higher gaining support from hopes of lower interest rates.

Zürich derived benefit from recent earnings reports of major companies and expectations of more positive results to come.

Ciba Geigy continued to find favour among institutions, impressed by the company's strong results, adding SwFr 65 to SwFr 3,075.

The financial sector was also higher with Swiss Bank up SwFr 3 to SwFr 393, while Bayer Holdings was SwFr 50 ahead at SwFr 7,400.

Bonds closed steady in moderate trading but operators are holding back in the absence of incentives to buy.

Milan was slightly firmer, with Montedison showing one of the largest gains. The shares finished up L27 at L1,585 and later advanced to above L1,600 in after-bourse dealings.

Stockholm edged lower. Asea dipped SKr 3 to SKr 358, Volvo fell SKr 4 to SKr 271 and Electrolux slipped SKr 2 to SKr 319. Pharmacia was SKr 8 lower at SKr 195.

Madrid was also easier in quiet trading.

TOKYO

Enthusiasm as euphoric rise ends

THE Tokyo stock market has entered a period of correction after the sell-off on April 16 ended the euphoric rise that began last summer, *writes Shigeo Nishiwaki of Jiji Press.*

Analysts at foreign securities companies in Tokyo, who had been unimpressed by the market's surge, contend that now that it has returned to normal they can seek investment opportunities as aggressively as in overseas markets.

The latest bull market began in late July 1984. Enthusiasm for biotechnology and new materials-related issues, helped by the wave of speculative fever since early this year, sent the Nikkei-Dow Jones average to an all-time high of 12,683.3 on April 3 from a low of 9,703.35 on July 23 1984, for a net gain of 2,979.95 or 30.7 per cent. On Saturday, the average closed at 12,465.92.

Some biotechnology-related drug and food stocks gained strength from research work on anti-cancer drugs taking respective price-earnings multiples soaring over 100. Shares in other companies with business in new types of materials, such as amorphous alloys, were also caught up in the buying spree.

Foreign securities companies in Japan see the latest slump as inevitable. "Investors seem to have bet on the earnings prospects of listed companies in 10 years' time, a departure from the basic stance of looking only a few years ahead," said Mr Yukoh Narisawa, manager of Jardine Fleming (Securities) Tokyo branch.

Markets were closed in Tokyo yesterday for a public holiday.

Mr Shoji Oshima, director and general manager of Vickers da Costa in Tokyo, said that an "unreasonable" buying binge was bound to result in an "unreasonable" sell-off. "A market correction was only a matter of time," agreed Mr Shigeru Nakano, president of Bache Securities (Japan).

Mr Oshima believes that the investment climate has improved significantly enough to lure foreign institutional investors back to Japanese stocks. "Japan is rich in cash, as evidenced by the huge long-term capital outflow of more than $50bn in fiscal 1984," he said. "From now on, foreign investors should take into account these massive capital flows, as well as the earnings of individual firms and trends in interest rates."

Mr Nakano is less optimistic, pointing out that the market's prospects are closely tied to developments on Wall Street. Although the strength of the U.S. economy was reflected in a 1.3 per cent growth rate for the quarter of this year, the failure of the Dow Jones industrial average to rise above the 1,300 mark had left many foreigners uncertain about the economy's future, he argued.

Mr Oshima and Mr Narisawa are waiting for next month's announcement of listed companies' earnings for the year ended last March before deciding investment strategy.

Mr Oshima has hopes for electronics-related issues. Aside from an expected recovery in profits, such issues would be unlikely to weaken since they had been out of favour for a year and a half, he said.

Recent massive convertible bond issues and new share issues had served as depressants on the stock market, he said. He predicted that the stocks which would enter the spotlight were medium and small-capital high-tech issues.

Prices at 3pm, April 29

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
25½	16	AAR	.48	2.8	13	149	17	16⅝	16¾	+⅛
16¼	9⅝	AGS			11	52	13¾	13½	15½	−⅛
16⅛	9⅝	AMCA				13	10⅞	10¾	10¾	
21½	13¾	AMF	.50	2.8	56	669	20	19½	19½	−½
43¼	24¼	AMR			9	3164	40¾	38⅝	38⅝	−2⅛
21⅜	16⅝	AMR pf2.18		10.		18	21⅜	21⅛	21¼	
14¼	8⅛	APL			35	27	6¼	d	6	6
65½	44⅜	ASA	2	3.6		705	52¼	51⅝	52	−½
27	14⅜	AVX	.32	2.2	12	338	15⅛	14⅞	14⅞	−¼
24⅞	14½	AZP	2.72	11.	7	730	24⅝	24⅜	24⅝	−⅛
54	36¾	AbtLab 1.40		2.0	14	013	51⅛	48¾	48¾	−1
25⅛	17	AccoWd .44		1.9	18	11	23⅜	23¼	23⅜	+⅛
22	12½	AcmeC .40		2.7		x1	14⅝	14⅝	14⅝	+¼
10½	6¼	AcmeE .32b		3.6	11	5	9	9	9	
17⅜	15	AdaEx 2.11e		13.		88	16⅞	16¾	16⅝	
20	11⅞	AdmMl .32		2.3	6	43	14⅛	14	14	−⅜
19½	8¾	AdvSys .53t		5.7	15	59	9¼	6⅞	9¼	+¼
41⅛	25⅛	AMD			12	3927	28⅞	27½	27⅝	−1⅜
12¾	6⅞	Advest .12		1.4		38	8⅞	8¾	8¾	−⅛
14⅝	8¾	Aeriex			11	54	12⅜	12⅛	12¼	+⅛
43⅝	27¼	AetnLf 2.64		6.2	41	2355	43	42⅞	42⅞	
58¾	52⅜	AetL pf5.83e		11.		80	55½	55⅜	55⅜	−¼
35	15¾	Ahmns 1.00		3.8	14	67	33¾	33¼	33⅜	−¼

Continued on Page 29

AMERICAN STOCK EXCHANGE COMPOSITE PRICES

Prices at 3pm, April 29

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Continued on Page 30

NEW YORK STOCK EXCHANGE COMPOSITE PRICES

Continued from Page 28

[illegible]

47⅞	29⅜	WrldAr				22	37⅞	37⅞	37⅞	
64⅞	47	Wrigly	1.80a	2.9	11	36	62⅜	61¾	61¾	−½
6⅞	3⅛	Wurltzr				51	4½	4¼	4⅜	+⅛
16	10⅜	WyleLb	.32	2.8	6	164	12	11⅝	11⅝	−½
23⅜	17	Wynns	.60	3.3	7	2	18	18	18	
		X Y Z								
47½	33¼	Xerox	3	6.5	18	2524	46½	45¾	45⅞	−⅛
52¼	46¼	Xerox	pf5.45	10.		14	52	52	52	
30	24	ZaleCp	1.32	4.9	8	18	27	26¾	26⅞	−½
24⅜	13⅜	Zapata	.84	5.8	28	725	14¾	14⅜	14⅜	−⅛
62¼	32	Zayre	.40b	.7	15	696	62	60¾	61½	+¾
31¼	18⅞	ZenithE			6	415	20⅛	20	20	
21⅞	14⅜	Zero	s		18	110	18	17¾	17⅝	−¾
61⅝	21⅞	Zurnin	1.32	4.5	11	57	29½	29¼	29⅜	−½

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a–dividend also extra(s). b–annual rate of dividend plus stock dividend. c–liquidating dividend. cld–called. d–new yearly low. e–dividend declared or paid in preceding 12 months. g–dividend in Canadian funds, subject to 15% non-residence tax. i–dividend declared after split-up or stock dividend. j–dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k–dividend declared or paid this year, an accumulative issue with dividends in arrears. n–new issue in the past 52 weeks. The high-low range begins with the start of trading. nd–next day delivery. P/E–price-earnings ratio. r–dividend declared or paid in preceding 12 months, plus stock dividend. s–stock split. Dividends begins with date of split. sls–sales. t–dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u–new yearly high. v–trading halted. vi–in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd–distributed. wi–when issued. ww–with warrants. x–ex-dividend or ex-rights. xdis–ex-distribution. xw–without warrants. y–ex-dividend and sales in full. yld–yield. z–sales in full.

WORLD STOCK MARKETS

AUSTRIA

Apr. 29	Price Sch%	+ or −
Creditanstalt	505	+6
Goesser	476	+9
Interunfall	765	+4
Laenderbank	303	+6
Perlmooser	437	+12
Steyr-Daimler	165	...
Veitscher Mag	411	+1

BELGIUM/LUXEMBOURG

Apr. 22	Price Frs.	+ or −
B.B.L.	1,900	−5
Banq. Int. A. Lux	6,150	...
Bekaert B	6,710	+160
Ciment CBR	2,400	+95
Cockerill	930	−8
Delhaize	8,000	+100
EBES	3,085	−15
Electrobel	8,440	−90
Fabrique Nat.	1,940	−10
GB Inno BM	3,990	...
GBL (Brux)	1,930	...
Gevaert	3,830	−10
Hoboken	6,500	+50
Intercom	2,175	−5
Kredietbank	8,550	−60
Pan Hldgs.	11,100	...
Petrofina	6,810	−30
Royale Belge	19,100	−900
Soc. Gen. Banq.	8,060	−85
Soc. Gen. Belge	1,885	−25
Sofina	7,150	−60
Solvay	4,940	...
Stanwick Intl.	1,580	...
Traction-el	3,940	−55
UCB	5,060	+40
Wagon Lits	5,050	...

DENMARK

Apr. 29	Price Knr %	+ or −
Andelsbanken	294	−4
Baltic Skand	845	−5
CopHandelsbank	316	−12
D. Sukkerfab	550	...
Danske Bank	308	−8
De Danske Luft	1,195	...
East Asiatic	206	−6
Forenede Brygg.	270	−90
Forenede Damp.	129	−3
GNT Hldg	425	...
I.S.S.B.	490	−40
Jyske Bank	645	...
Novo Ind	1,445	−30
Privatbanken	372	−11
Provinsbanken	340	...
Smidth (F)	245	−3
Sophus Berend	1,045	−25
Superfos	441	−4

FRANCE

Apr. 22	Price Frs.	+ or −
Emprunt 4½% 1973	1786	−34
Emprunt 7% 1973	8355	+150
Accor	276.6	+0.5
Air Liquide	616	+1
BIC	620	+1
Bongrain	1,856	−34
Bouygues	695	+1
BSN Gervais	2,450	−10
CIT-Alcatel	1,320	...
Carrefour	2,147	+12
Club Mediter'n	1,143	−6
Cie Bancaire	654	−15
Cofimeg	221	+1
Damart	22,38	−82
Darty	1,270	−87
Dumez S.A.	618	−5
Eaux (Cie Gen)	628	−5
Elf Aquitaine	234.5	+1.4
Essilor	2,995	+15
Gen. Occidentale	683	−1
Imetal	116	−0.9
Lafarge Coppee	530	+8
L'Oreal	2,393	+5
Legrand	2,011	+1
Maisons Phenix	208	+7.4
Matra S.A.	1,896	+15
Michelin B	234	+8
Midi (Cie)	2,210	+24
Moet-Hennessy	1,876	+11
Moulinex	105	−2.1
Nord Est.	86.4	−1.6
Pernod Ricard	704	+2
Perrier	611	+5
Petroles Fra.	264	...
Peugeot S.A.	340	−8
Printempt Aus	295	−8
Radiotech	258	−1
Redoute	1,370	...
Roussel-Uclaf	1,745	−30
Sefimeg	448	−10
SkisRossignol	1,880	+10
Telemech Elect.	2,640	+41
Thomson CSF	550	+3
Valeo	250.1	−1.4

GERMANY

Apr. 22	Price Dm.	+ or −
AEG-Telef	111.0	−0.6
Allianz Vers	1177xr	+7
BASF	208	−0.8
Bayer	215.6	+0.1
Bayer-Hypo	347	−0.6
Bayer-Verein	340	−1
BHF-Bank	279	−9
BMW	363.5	−5
Brown Boveri	210	−2
Commerzbank	170	...
Cont'l. Gummi	134.2	−1.1
Daimler-Benz	679	−5.5
Degussa	352	+0.6
D'sche Babcock	165.2	−1.8
Deutsche Bank	474	+1.8
Dresdner Bank	219.5	+1.8
GHH	154	...
Hochtief	475	...
Hoechst	215	−0.5
Hoesch Werke	108.8	+0.4
Holzmann (P)	458	+1
Horten	170	...
Hussel	291.6	...
Karstadt	227.5	+1
Kaufhof	212	+1
KHD	251.5xr	−1
Kloeckner	71.6	−0.4
Linde	497	9
Lufthansa	186.5	−2
MAN	167.6	+2.5
Mannesmann	161	−0.5
Mercedes Hld	605.5	−4.6
Metallgesel	265.6	...
Munech Rueck	1,340	+10
Nixdorf	590.5	−8.5
Porsche	1198xd	−34
Preussag	271	−1
Rhein West Elect	166.8	−1.7
Rosenthal	255	+6
Schering	447	−5
Siemens	540xd	...
Thyssen	97	−1.4
Varta	180	+2
Veba	183	−0.2
V.E.W.	127.8	−1
Verein-West	510	−1
Volkswagen	204.5	−1.5

ITALY

Apr. 26	Price Lira	+ or −
Banca Com'le	16,700	−160
Bastogi-IRBS	121	+2
S.I.-Invest	8,420	+110
Centrale	5,010	+15
Credito Varesino	3,250	+100
Fiat	2,265	...
Finsider	56	...
Generali Assicur.	45,850	+350
Italcementi	84,800	+420
La Rinascenti	668.5	+8
Montedison	1,658	+57
Olivetti	6,300	−20
Pirelli Co.	5,830	...
Pirelli Spa	2,250	−4
Snia BPD	2,770	+25
Toro Assic.	14,040	−10
do Pref.	10,200	+160

NETHERLANDS

Apr. 29	Price Fls	+ or −
ACF Holding	203	−1
AEGON	180	...
Ahold	226.5	−1
AKZO	112.6	−0.4
ABN	429.5	−5
AMEV	240	+8
AMRO	74.6	−2.2
Bredero Cert.	177	+7
Bos Kalis Westm.	17.2	+0.3
Buehrmann-Tet.	91	+0.8
Calland Hldgs.	88.1	+0.1
Dordtsche Pet'm	188	−2
Elsevier NDU	118	−1.5
Fokker	115	+5
Gist Brocades	188.5	+0.6
Heineken	155.4	−2.2
Hoogovens	60.7	+0.4
Int Mueller	62	+0.2
KLM	59.6	−0.2
Naarden	58	+0.8
Nat Ned Cert	68.5	+0.7
Ned M'd Bank	171	...
Nedlloyd	176	−1
Oce Grinten	384.9	−0.2
Ommeren (Van)	29.2	+0.1
Pakhoed	66.6	+0.1
Philips	66.2	−0.4
Robeco	73	−0.8
Rodamco	138.4	−0.6
Rolinco	68.1	−0.5
Rorento	44.6	−0.3
Royal Dutch	208.3	−1.6
Unilever	349.7	−1.8
VMF Stork	159.8	−0.2
VNU	216.5	−1.6
West Utr Bank	108.6	−0.9

NOTES — Prices on this page are as quoted on the individual exchanges and are last traded prices. § Dealings suspended. xd Ex dividend. xc Ex scrip issue. xr Ex rights. xa Ex all.

NORWAY

Apr. 29	Price Kroner	+ or −
Bergens Bank	143.5	−1.5
Borregaard	390	+12.5
Christiania Bank	142	+1
DenNorske Cred	150.5	−0.5
Elkem	149	+1
Kvaerner	170	−9.5
Norsk Data	400	−4
Norsk Hydro	117	−1.5
Storebrand	258	−0.5

SPAIN

Apr. 22	Price Pts%	+ or −
Bco Bilbao	338	...
Bco Central	319	...
Bco Exterior	200	−9
Bco Hispano	164	...
Bco Popular	555	...
Bco Santander	352	+2
Dragados	171	+9
Hidrola	81	...
Iberduero	25.2	−0.5
Petroleos	159.5	−0.5
Telefonica	190	−0.7

SWEDEN

Apr. 29	Price Kronor	+ or −
AGA	490	...
Alfa-Laval	196	−1
ASEA (Free)	555	...
Astra (Free)	408	+3
Atlas Copco	118	...
Cardo (Free)	267	+1
Cellulosa	195	...
Electrolux B	318	−9
Ericsson	390	−4
Esselte	365	...
Mo och Domsjo	246	+6
Pharmacia	125	+8
Saab Scania Free	455	...
Sandvik	400	−15
Skandia	345	−5
Skan Enskilda	48	−0.5
SKF	222	+5
St Kopparbergs	147	+2
Sven Handlesbn.	192	...
Swedish Match	217	−9
Volvo B (Free)	271	−4

SWITZERLAND

Apr. 29	Price Frs.	+ or −
Alusuisse	995	+25
Bank Leu	3,575	+20
Brown Boveri	1,640	+10
Ciba Geigy	3,075	+65
do. (Part Certs)	2,380	−10
Credit Suisse	2,440	+6
Elektrowatt	2,810	−30
Fischer(Geo.)	760	...
Hoff-Roche PtCts	84,000	−250
Hoff-Roche 1/10	8,425	+25
Jacobs Suchard	6,300	...
Jelmoli	1,890	+10
Landis & Gyr	1,650	−10
Nestle	6,550	+40
Oer-Buehrle	1,416	−10
Pirelli	303	+4
Sandoz (Br)	7,650	...
Sandoz (PtCts)	1,390	+10
Schindler (PtCts)	765	+25
Sika	1,140	−10
Surveillance	4,240	−45
Swissair	1,050	+2
Swiss Bank	395	+3
Swiss Reinsce	10,750	−100
Swiss Volksbk	1,480	+10
Union Bank	3,710	−16
Winterthur	4,000	+275
Zurich Ins	24,500	+100

AUSTRALIA

Apr. 29	Price Aust $	+ or −
ANZ Group	4.74	+0.02
Alliance Oil Dev.	1.07	...
Ampol Pet	1.80	−0.05
Ashton	0.81	−0.01
Aust. Cons. Ind.	2.09	−0.01
Aust. Guarantee	2.4	...
Aust. Nat. Inds	2.7	−0.05
APM	2.62	−0.01
Bell Group	7	...
Bell Res.	7.3	−0.1
Bond Corp Hldgs	1.6	...
Boral	5.16	−0.07
Bougainville	2.2	−0.14
Brambles Inds	3.70	...
Bridge Oil	2.55	−0.05
B.H. Prop	6.02xa	+0.02
CRA	6.6	−0.18
CSR	2.99	−0.03
CastlemaineTys.	5.04	+0.02
Coles (G.J.)	3.79	−0.01
Comalco "A"	2.5	−0.15
Consolidated Pet	0.45	...
Costain Aust.	1.70	...
Dunlop Olympic	2.16	...
Elders IXL	3.13	−0.01
Energ Res.	1.45	+0.01

AUSTRALIA (continued)

Apr. 29	Price Aust.$	+ or −
Gen. Pro Trust	2.25	−0.03
Hardie (James)	5.16	−0.02
Hartogen Energy	3	−0.01
Herald W'y Times	4.4	−0.05
ICI Aust	9.09	...
Jimberlana F.P.	0.57	...
Kia Ora Gold	0.17	...
Lend Lease	6.49	+0.02
MIM	5.82	+0.02
Mayne Nickless	5.3	−0.02
Myer Emporium	1.78	...
Nat. Aust. Bank	3.86	+0.06
Newa	7.4sc	−0.06
Nicholas Kiwi	1.85	...
North Bkn Hill	2.55	−0.14
Oakbridge	0.98	...
Pancont'l	1.58	−0.04
Pioneer Conc.	1.62	−0.03
Poseidon	4.35	−0.16
Queensland Coal	1.63	−0.01
Reckitt & Coln	3.5	+0.15
Repco	1.2	−0.02
Santos	6.06	−0.24
Smith (Howard)	4.6	+0.05
Thos. Nat'wide	1.95	...
Tooth	6.8	...
Vamgas	4.45	...
Western Mining	4.42	−0.02
Westpac Bank	3.89	+0.06
Woodside Petrol	1.59	...
Woolworths	3.09	+0.04
Wormald Intl.	3.65	...

HONG KONG

Apr. 22	Price H.K.$	+ or −
Bank East Asia	24.5	+0.1
Cheung Kong	13.8	+0.1
China Light	14.6	...
Evergo	0.96	...
Hang Seng Bank	48.5	−0.25
HK Electric	7.65	+0.05
HK Kowloon Wh.	6.25	−0.1
HK Land	5.5	−0.15
HK Shanghai Bk.	7.9xa	−0.1
HK Telephone	77	+1
Hutchison Wpa	29.7	−0.1
Jardine Math.	11.7	−0.3
New World Dev.	8.75	−0.05
Orient O'seas	2.29	...
O'seas Trust Bk.	3.16	+0.01
SHK Props	10.6	+0.1
Shell Elect	1.55	...
Swire Pac A	23.4	−0.5
TV—B	6.3	...
Wheel'k Mard A.	7.26	...
Wheel'k M'time	1.10	...
World Int. Hldns.	2.1	−0.02

JAPAN

Apr. 27	Price Yen	+ or −
Ajinomoto	1,070	−10
Alps Electric	1,860	...
Amada	1,120	...
Asahi Chem	865	+2
Asahi Glass	890	...
Bridgestone	625	−1
Canon	1,300	+20
Casio Comp.	1,680	−20
Chugai Pharm	1,090	...
Citizen	657	+4
Daiei	620	...
Dai Nippon Ptg	1,010	+10
Daiwa House	567	...
Ebara	432	...
Eisai	1,470	+70
Fanuc	9360xr	+100
Fuji Bank	1,500	...
Fuji Film	1,770	...
Fujisawa	929	...
Fujitsu	1,210	+20
Green Cross	2,290	...
Hasegawa	593	...
Heiwa Real Est.	780	...
Hitachi	782	−16
Hitachi Credit	1,100	...
Honda	1,370	−20
House Food	700	...
Hoya	2,170	...
Itoh (C)	352	+1
Ito Yokado	2,650	−30
Iwatsu	1,010	...
JACCS	520	+6
JAL	6,410	+560
Jusco	734	−1
Kajima	308	...
Kao Soap	790	...
Kashiyama	650	...
Kirin	655	+20
Kokuyo	900	...
Komatsu	440	...
Konishiroku	684	+8
Kubota	337	...
Kumagai	689	...
Kyoto Ceramic	6,560	−20
Maeda Const.	527	...
Makino Milling	1,250	...
Makita	887	−5
Marubeni	302	−2
Marudai	662	...
Marui	1,130	−10
MEI	1,480	−20
M'ta Elec Works	730	−1
M'bishi Bank	1,500	−10
M'bishi	625	−3
M'bishi E ect	395	−2
M'bishi Estate	622	+7

JAPAN (continued)

Apr. 27	Price Yen	+ or −
MHI	265	...
Mitsui	330	...
Mitsui Estate	657xc	...
Mitsukoshi	515	−10
NGK Insulators	875xa	...
Nihon Cement	271	...
Nippon Denso	1,360	...
Nippon Elect	1,090	...
Nippon Express	359	...
Nippon Gakki	1,750	...
Nippon Kokan	124	...
Nippon Oil	860xc	−8
Nippon Seiko	600	...
Nippon Shimpan	882	...
Nippon Steel	146	−1
Nippon Suisan	586	...
NTV	9,550xc	...
Nippon Yusen	235xc	+4
Nissan Motor	657	...
Nisshin Flour	500	...
Nisshin Steel	150	...
Nomura	1,100	...
Olympus	1,190	−20
Orient Leasing	2,920	...
Pioneer	2,480	...
Renown	655	+16
Ricoh	259	+4
Sankyo	1,150	+30
Sanyo Elect.	457	...
Sapporo	475	+5
Sekisui Prefab	683	...
Seven-Eleven	9,300	...
Sharp	993	−5
Shimadzu	739xc	...
Shionogi	727xc	...
Shiseido	1,170	...
Sony	4,420	+50
Stanley	916	...
S'tomo Bank	1,680	...
S'tomo Elect	663	...
S'tomo Marine	608	+15
S'tomo Metal	145	...
Taihei Dengyo	476	...
Taisei Corp.	230	+5
Taisho Pharm	1,180	...
Takeda	871	+10
TDK	5,580	+10
Teijin	487	−2
Teikoku	775	...
Tokyo Marine	821	...
TBS	765	...
Tokyo Elect Pwr	1,690	...
Tokyo Gas	188	...
Tokyo Sanyo	689	...
Tokyo Style	750	...
Tokyu Corp	364	...
Toppan Print	866	+12
Toray	460	+9
Toshiba Elect	391	+1
TOTO	650	...
Toyo Seikan	845	...
Toyota Motor	1,330	...
Victor	1,990	...
Wacoal	700	...
Yamaha	770	...
Yamanouchi	5,180	+30
Yamazaki	629	−1
Yasuda Fire	457	−6
Yokogawa Bdge.	438	...

SINGAPORE

Apr. 29	Price $	+ or −
Boustead Hldgs.	1.67	+0.01
Cold Storage	2.56	−0.01
DBS	5.2	−0.05
Genting	5.75	...
Haw Par. Bros.	2.12	−0.01
Hong Leong Fin.	2.9	...
Inchcape Bhd.	2.48	...
Keppel Shipyard	1.59	...
Malay Banking	5.85	+0.05
Malay Utd. Ind.	2.87	−0.02
Multi Purpose	0.2	−0.01
OCBC	8.95	...
OUB	5.6	...
Public Bank	1.48	...
Sime Darby	1.91	−0.01
Singapore Press	6.2	...
Straits Trdg.	4.52	−0.12
Tat Lee Bk	2.71	−0.05
UOB	4.34	−0.02

SOUTH AFRICA

Apr. 29	Price Rand	+ or −
Abercom	1.6	...
AE&CI	8.00	...
Allied Tech	60.0	...
Anglo Am Coal	41.2	...
Anglo Am Corp	26.25	−0.25
Anglo Am Gold	176	−1.5
Barclays Bank	16.8	...
Barlow Rand	11.25	+0.05
Buffels	86	−1
CNA Gallo	2.7	−0.5
Currie Finance	4.00	...
De Beers	10.25	−0.1
Driefontein	62.6	−0.6
FS Geduld	56	...
Gold Fields SA	34	...
Highveld Steel	3.85	...
Nedbank	11.7	−0.1
OK Bazaars	14.5	...
Protea Hldgs.	1.5	...
Rembrandt	88	...
Rust Plat	17	−0.63
Safren	16.25	−0.75
Sage Hldgs	8.85	−0.05
SA Brews	7.65	...
Smith (AG)	25.5	−0.5
Tongaat Hulett	6.2	+0.1
Unisec	5.4	...

CANADA

TORONTO

Prices at 2.30pm April 29

Sales	Stock	High	Low	Close	Chng
2672	Abti Prce	$17⅞	17⅝	17⅝	−¼
25700	Agnico E	$17¼	17⅛	17⅛	−⅛
5756	Alt Energy	$21½	21¼	21¼	
900	Alta Nat	$15¼	15	15⅛	+⅛
700	Algo Cent	$21	21	21	−⅛
4000	Algoma St	$22¼	22¼	22¼	+¼
600	Andrs WA f	$23¾	23¾	23¾	
275	Argus C pr	$11	11	11	
11000	Atco 1 f	$9¼	8⅞	9¼	+¼
22590	BP Canada	$36	35¼	35¼	+½
139702	Bank BC	$5⅛	490	5⅛	+27
27092	Bank N S	$13⅛	12⅞	13	
353600	Barrick o	144	127	144	+17
30654	Bonanza R	475	460	475	
2020	Bralorne	475	470	470	−15
620	Bramalea	$17¼	17¼	17¼	+⅛
6240	BCFP	$16	9⅞	16	
22590	BC Res	244	241	242	−3
4900	BC Phone	$21⅞	21½	21½	−¼
200	Budd Can	$23½	23½	23½	
2950	CAE	$17	16⅞	16⅞	−¼
200	CCL A	$27¼	27	27¼	+¼
1700	CDistb 0 f	$5½	5½	5½	
1600	Cad Frv	$14½	14⅛	14½	
400	C Nor West	$21	21¾	22⅛	−¼
4425	C Packrs	$28	28	28	
513	Can Trust	$37	36⅞	36⅞	
3200	C Tung	$14	14	14	+⅛
18122	C I Bk Com	$31½	31	31⅛	−¼
42900	Cdn Nat Re	31	29	32	+4
24321	CTire A f	$8⅞	8⅝	8⅝	+⅛
12250	Cara	$13⅞	13½	13½	+¼
1309	Celanese	$7¼	7¼	7¼	
200	C Distb A	$5½	5½	5½	+⅛
1100	CDistb B f	$5½	5½	5½	
9950	CTL Bank	$10⅞	10⅝	10⅝	
200	Conwest A	$9½	9½	9½	−⅛
63350	Coseka R	460	415	445	+30
1582	Camron A	$12½	12½	12½	
17143	Crownx	$19⅝	19½	19¾	+¼
15700	Czar Res	207	201	201	−6
13025	Daon Dev	445	440	440	
200	Daon A	400	400	400	+13
4845	Denison A o	$13⅛	13⅛	13¼	
8962	Denison B f	$12¾	12½	12¾	+⅛
5300	Develcon	$6¾	6¾	6¾	+⅛
2120	Dicknsn A f	$6½	6⅛	6½	+⅛
400	Dicknsn B	$6⅝	6⅝	6⅝	+¼
1100	Doman A	230	225	225	−5
7960	Dofasco A	$25¼	25⅛	25¼	+¼
5300	Du Pont A	$18¼	18¼	18¼	
200500	Dylex A	$40⅞	40	40	−¾
800	Elctham X	$7½	7¼	7¼	−⅛
1600	Equity Svr	$8⅝	8¼	8⅝	+⅛
600	C Falcon C	$17¾	17½	17½	
49920	Ficnbrdge	$21⅛	20¾	21⅛	+½
193	Ferdy Res	280	280	280	
3100	Fed Ind A	$21¼	21	21	−½
1200	F City Fin	$13⅞	13¾	13⅞	+⅛
333	Gendis A	$27½	27½	27½	
1790	Geac Comp	$12¼	11⅞	12¼	+¼
30292	Geocrude	299	298	299	+1
400	Gibraltar	$16	16	10	−⅛
11766	Goldcorp f	$8	7¾	7⅞	
2000	Grandma	54	54	54	−2
350	GL Forest	$88	80	80	
1740	Gt Pacific	$30½	30½	30½	+¼
300	Greyhnd	$26	26	26	
912	H Group A	$7¼	7¼	7¼	+¼
4000	Hrding A f	140	138	140	+5
9250	Hawker	$19⅝	19½	19½	−⅛
800	Hayes D	$16	9¾	16	
635	H Bay Co	$16¼	16	16	−⅛
22175	Imasco	$29	28⅝	28⅝	−½
1100	Indal	$14½	14½	14½	
200	Inland Gas	$17¼	17¼	17¼	−⅛
2000	Intl Thom	$8½	8½	8½	
200650	Inter Pipe	$37	36¾	36⅞	
800	Ivaco B	$21¾	21¾	21¾	−⅜
19240	Jannock	$13½	11⅞	13¼	+1½
200	Kelsey H	$36	36	36	−½
148	Kerr Add	$15¼	15¼	15¼	
14228	Lobatt	$23¾	23½	23½	
18725	Lac Mnrls	$36	35¾	36	
1200	LOnt Cem	$12½	12¼	12⅜	
36000	Lacana	$13¼	13⅛	13¼	−¼
2753	LL Lac	$42	41	41½	
1050	Loblaw Co	$18	17⅞	18	+⅛
200	MDS H A	$17½	17½	17½	
4200	Mclan H X	$24¾	24½	24⅝	+⅛
1620	Merland E	425	420	425	
300	Molson A f	$15⅞	15⅞	15⅞	−⅛
400	Molson B	$15¾	15¾	15¾	
300	Murphy	$24⅝	24⅝	24⅝	+⅛
642	Nabisco L	$25	25	25	+¼
99705	Noranda	$17½	17⅛	17½	+¼
1187	Norcen	$18⅞	16⅝	16⅝	−¼
379265	Nva AltA f	$6⅛	5⅞	6⅛	+⅛
1034	Nowsco W	$23	22¾	22¾	−¼
8000	NuWst sp A	55	53	55	
9750	Oakwood	$9⅞	9½	9½	−⅜
3200	Oshawa A	$25½	25¼	25½	+¼
1500	Pamour	$8¼	8¼	8¼	+⅛
600	PanCan P	$32¾	32½	32½	−¼
100	Pembina	$12	12	12	+½
8725	Pine Point	$29½	29½	29½	
1000	Place GO o	128	128	128	
9300	Placer	$27	26⅞	27	+⅛
1200	Provigo	$18⅛	18⅛	18⅛	−⅛
2200	Que Sturg o	425	410	425	−5
600	Ram Pet	$6¼	6¼	6¼	−¼
5500	Rayrock f	$8⅝	8¼	8⅝	+⅛
1600	Redpath	$11	10⅞	10⅞	
22897	Rd Stenhs A	$20½	20	20	
30	Reichhold	$14¼	14¼	14¼	−½
12600	Res Serv f	292	291	291	
1320	Revn Prp A	160	155	160	+5
2200	Rogers A	$9¼	9¼	9¼	
6720	Roman	$18¾	18½	18¾	+¼
100	Rothman	$40⅞	40⅞	40⅞	
32203	Sceptre	$7	6½	7	+½
11100	Scotts f	$25⅝	25⅛	25⅛	−⅛
10200	Sears Can	$7⅞	7⅝	7¾	+¼
12791	Shell Can	$29½	29	29	−⅜
3755	Sherritt	$7¼	7	7	−¼
1200	Sigma	$8¾	8⅝	8⅝	−⅛
3006	Southm	$52½	52	52	+½
78950	St Brodcst	$13½	12¾	13½	+1
16812	Stelco A	$20½	20⅜	20⅜	
1444	Sulpetro	295	290	295	+10
25	Suncor pr	$24½	24½	24½	
12000	Tara	$22½	22½	22½	−½
500	Teck Cor	$13¼	13¼	13¼	+¼
4590	Teck B f	$13⅝	13⅝	13½	+¼
4162	Tex Can	$36⅝	36⅛	36¼	−¼
5400	Thom N A	$55	54½	54¾	+⅛
14661	Tor Dm B	$19⅞	19¾	19¾	+⅛
28000	Torstar B f	$20⅛	19¾	19¾	−¼
1257	Traders A f	$22⅝	22½	22½	−½
3665	Trns Mt	$9¾	9⅝	9⅝	−⅛
1700	Trinity Res	385	380	380	−10
18135	TrnAlta UA	$25⅞	25⅝	25¾	
23601	TrCan PL	$24⅞	24½	24⅞	+⅜
8106	Trimac	470	465	465	−5
200	Trizec A f	$26½	26½	26½	−½
45725	Turbo f	62	60	60	
7770	U Entrprise	$11⅛	11	11⅛	
25	U Keno	$10⅝	10⅝	10⅝	−⅜
5065	Verstl A f	$5⅞	5¾	5⅞	+⅛
400	Vestgron	$11⅛	11⅛	11⅛	+⅛
1200	Westmin	$15	14⅞	15	+⅛
1300	Weston	$78⅞	78⅞	78⅞	−⅛
6399	Woodwd A	$11¾	11½	11¾	
6350	Yk Bear	$6	6	6	

Total sales 7,448,065 shares

MONTREAL

Closing prices April 26

Sales	Stock	High	Low	Close	Chng
75739	Bank Mont	$27⅞	27½	27⅞	
1600	ConBath	$16¼	16¼	16¼	−⅛
3565	DomTxtA	$10⅝	10⅝	10⅝	
1530	MntTrst	$15	15	15	
26144	NatBk Cda	$18⅝	18¼	18¼	−¼
8050	Power Corp	$34	33¼	33⅝	−½
900	RollandA	$20⅞	20	20	−⅛
13191	Royal Bank	$29⅜	26⅞	29	−⅛
495	RoyTrstco	$20⅞	20¾	20⅞	+⅛
1700	SteinbrgA	$37¾	37¾	37¾	+¼

Total Sales 2,813,556 shares

AMERICAN STOCK EXCHANGE PRICES

Continued from Page 29

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
		T T T								
11⅞	6½	Bar	.51f	6.7	19	12	7¾	7⅝	7⅝	
12⅞	7½	TEC	.10e	.8	22	4	12⅝	12⅝	12⅝	−¼
18⅞	5	TIE				658	5⅞	5¾	5⅞	+⅛
14⅞	8⅞	TII			42	20	9⅝	9¾	9⅝	−¼
18¾	13	TabPrd	.20	1.1	12	102	18⅛	18	18⅛	+⅛
10⅞	6⅝	TandBr				12	7⅛	7	7⅛	+⅛
6¼	2¼	Team				13	4	3⅞	3⅞	
4⅝	1⅞	TchAm				57	2½	2⅜	2⅜	
22⅞	13⅞	TchSym			16	122	19⅛	19	19	−¼
6	3¼	Techto			7	4	4¼	4¼	4¼	
20¼	7½	Tecnirl	.30	1.8	9	6	16¾	16⅝	16⅝	−⅛
3	1½	Technd				10	2⅛	2⅛	2⅛	
186	77½	TejonR	.30e	.2	184	z50	180½	180½	180½	−1⅛
5⅝	2	Telecon				5	2⅝	2⅝	2⅝	−½
33⅞	21¼	Teflex	.44	1.6	13	4	28⅛	28⅛	28⅛	−¼
11	6¼	TelDta	.36a	3.6	12	12	10	9⅞	10	+⅛
15¼	7½	Telscr			25	62	8¼	7⅝	7⅝	−⅜
5⅛	2¼	Telesph				157	3⅞	3¾	3¾	−⅛
6⅞	3½	Tenneys			14	13	5¾	5⅝	5⅝	
10¾	4⅝	Tenser				2	7⅛	7⅛	7⅛	
12⅞	5⅞	TexAir			4	416	12⅛	12	12⅛	+⅛
18⅛	9⅛	TexAE	.39t	6.2	45	82	6½	6¼	6¼	−⅛
22¼	16½	TexAE pf				4	20¼	20¼	20¼	−¼
13¾	2⅞	Texscan			56	19	3⅜	3⅜	3⅜	
7⅝	2¼	ThrD A	.10	2.4	12	1	4⅛	4⅛	4⅛	
7½	2½	Tidwell				24	3⅛	3	3	−⅛
31¼	23	TolEd pf4.25		14.		z200	30½	30½	30½	+¼
9⅝	5½	Tortel	.36t	4.9	18	1	8	8	8	
12⅞	7¼	TotlPt	g	.24		51	12⅝	12⅝	12⅝	
2⅛	9-16	TotlPt	wt			144	1⅛	1	3-16 1⅛	
26¼	22	TotlPt	pf2.88	11.		5	25⅝	25⅛	25⅛	
11⅞	6⅝	TmsLx	.05r	.5	11	15	11¼	10⅞	10⅞	−¼
19⅞	11⅛	TmsTech	.64	3.7	8	51	17¼	17¼	17¼	−¼
18⅞	13¼	Transco	.40	2.8	7	4	15⅜	15⅜	15⅜	−¼
10⅛	7⅛	TriSM	.40e	4.2		8	9⅝	9⅝	9⅝	
9⅝	6⅞	TriaCp	.68t	7.5	8	u	9¼	9¼	9¼	+¼
14¼	3⅜	Trider			26	37	7¼	6⅞	6⅞	−⅜
4	2⅛	TubMex			15	50	3⅝	3¼	3⅜	
15⅛	9¾	Tultex	.44	3.7	11	38	12	11⅞	11⅞	
28¾	20½	TurnrC	1.20	4.3	9	7	28⅛	27¾	27¾	−⅛
3⅜	1¾	Tylr	wts			121	2¼	2	2	−¼
		U U U								
24⅜	8⅞	Ultmte			18	218	13⅞	13¼	13¼	−1
¾	½	Unicorp			15	240	¾	11-19	¾	
15¾	11½	Unicp	pf .75	5.5		6	13⅞	13¾	13¾	
11⅞	8¾	Unimr	n.50e	4.7		83	10⅝	10⅝	10⅝	
21	14¼	UAirPd	.54b	3.6	18	17	18¼	18⅛	18⅛	−⅛
23	16⅜	UnCosB			13	8	20⅞	20⅛	20¼	−¼
3½	1⅝	UFoodA	.18	3.3	23	39	1⅞	1¾	1⅞	+⅛
3⅜	1¼	UFoodB			22	12	1¾	1¾	1¾	−⅛
18¼	18⅛	UtMed	.65t	4.6	15	40	14⅜	14	14	−⅜
6⅞	6⅞	UnitelV	.94t	14.	23	38	6¾	6½	6¾	+⅛
14⅛	7⅞	UnvCm			17	12	13⅞	13¼	13¼	
10⅝	5⅞	UnvRs			25	6	7⅞	7⅞	7⅞	
23⅜	15⅝	UnvRu	.80e	4.5	7	2	17⅝	17⅝	17⅝	
15¾	9⅝	UnvPat				44	14	13	13	−1
		V V V								
10⅞	9⅜	VST	n .30e	3.0		11	9⅞	9⅞	9⅞	−⅛
18½	10¼	VallyR	s1.40	7.5	14	4	u18¾	18⅝	18¾	+¼
12½	4⅞	Verbtm				82	7⅝	7¼	7⅜	−⅛
5⅞	2⅞	Verit			22	16	5	4⅞	4⅞	−⅛
23⅜	14⅞	VtAmC	.40b	2.1	9	z64	19	19	19	−¼
7⅝	3⅜	VtRsh				3	4¼	4⅛	4⅛	+¼
15⅛	9½	Vernit	.20	2.1	18	18	9⅝	9⅝	9⅝	
10¼	4⅝	Viatech				60	9½	9	9	−½
8¼	5½	Vicon			11	19	7¾	7¼	7¼	−⅛
8	2¼	Vintge				4	3⅜	3⅜	3⅜	+⅛
64⅜	52½	Vulntl				1	64⅜	64⅜	64⅜	−⅜
12⅝	8	Voplex	.36	3.2	13	17	11¼	11⅛	11⅛	−⅛
		W W W								
8⅜	6⅜	WTC			20	2	7⅛	7⅛	7⅛	
27¾	17⅜	Walbar	.40	1.7	13	11	24⅛	23¾	23¾	−⅜
15¾	10½	Walco	.40	2.5	16	91	15¾	15⅝	15¾	+⅛
31⅞	15⅞	WangB	.19	.9	12	5648	17⅞	17⅜	17⅜	−¼
32¼	18	WangC	.11	.6	13	4	16¼	16¼	16¼	
2⅜	¾	WrnC	wt			65	1⅛	1	1⅛	
9⅝	3⅜	WshH	s		9	11	6	6	6	
118	70¾	WshPst	.96	.8	18	12	115	115	115	
28	17¾	WRIT	1.60	6.8	15	19	24⅝	24⅛	24⅛	
7⅜	2⅝	Wthfrd				90	5⅛	4⅞	5	
25⅛	13¾	Wthfd	pf2.63	15.		6	17½	17½	17½	−⅛
4¾	1½	Webcor				12	1⅛	¾	¾	−⅛
5⅝	3½	Wedco			12	21	4⅝	4¼	4⅝	+⅛
17⅞	11⅞	Wedtc	n.02e	.1	17	17	14¼	13⅞	13⅞	−⅜
14	6¾	Weldtrn			12	21	11	10¾	10⅞	
10⅜	4⅜	Wellco				6	7⅞	7¾	7¾	−¼
4⅜	2¼	WelGrd				10	3⅜	3¼	3¼	−⅛
29¼	16⅝	Wesco	.62	2.3	8	6	26¾	26½	26¾	−⅛
18¼	7¾	WstBrC			12	5	9	9	9	
13¼	8¼	Wstbr	g .20		13	22	11⅜	11½	11⅜	+⅛
14	5⅞	WDigitl			17	168	11⅞	11	11	−¼
18⅞	7¼	WHlth	n		17	4	17⅞	17⅞	17⅞	−⅛
19½	14⅞	WIRET	1.52	8.1	15	9	18¾	18⅝	18¾	+⅛
30⅜	19	WstnSL	.48e	1.7	13	48	29¼	28⅞	28⅞	−⅛
30⅜	9⅝	WhEnt	s		30	39	30⅛	29⅞	29⅞	−⅛
5¾	2¼	Wichita				18	2½	2⅛	2½	−⅛
11⅞	7⅝	WilcxG			5	6	10⅛	10½	10½	
25¼	19⅝	Wintrh	2.24a	10.		12	22	21⅞	22	+⅛
42¼	35¼	WisP	pf4.50	11.		z90	41¼	41¼	41¼	−⅜
10⅞	5	Wdstrm	.40	4.4	10	8	9⅞	9¾	9⅞	+¼
15⅜	11	WkWear	.52	3.6	7	5	13⅝	13⅝	13⅝	
6⅜	2¼	WwdeE				59	4⅛	4	4	
17⅞	12⅝	WWde	pf1.60	12.		5	15	14⅞	14⅞	−⅛
34	17½	Worthn	.50	2.6	7	4	19½	19½	19½	
21¾	12	Wratr	s .62	.1		50	20⅞	20⅞	20⅞	+⅛
7⅞	3½	WrgtH	g.05e		25	297	7¾	7½	7½	−¼
		X Y Z								
13⅞	5⅜	YankCo			9	14	6⅞	6¾	6¾	−⅛
11	5⅜	Zimer	.16	1.8		127	8¼	8⅛	6⅛	

WORLD ECONOMIC INDICATORS every Monday in the Financial Times

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

Stock	Div.	Sales (Hnds)	High	Low	Last	Chng
A&M Fd		38	6½	5⅞	5⅞	−¼
ADC Tl		25	14¼	14	14¼	
AEL s		37	25¼	24	24	−1¼
AFG		6	21½	21	21	−½
ASK		864	15	14½	14½	−⅛
AT&E		77	11¼	10⅞	11	−⅛
ATE		38	3¾	3¾	3¾	
AVM		12	18	18	18	+¼
AarnRt		3	20¾	20¾	20¾	−¼
Abrams	.24	58	6½	6½	6½	+¼
Acadin	.20	67	9⅝	9⅛	9⅛	−¼
AcapRs		69	5½	5⅜	5⅜	
Aceirm		13	9¾	9½	9½	−¼
AcuRay	.20	138	21¾	21⅛	21⅜	−⅜
Acato s		45	16¼	15¼	15¼	−½
Actmed		440	27	26½	26½	−1
AdacLb		557	5⅝	5¼	5¼	−⅜
Adage		59	8¾	8¼	8¼	−¼
AdesnW	.70	5	29½	29½	29½	
AdvCir		153	8⅜	8¼	8¼	−⅛
AdvGen		56	3⅝	3¼	3⅝	−⅛
AdvTel		121	9¼	9⅛	6⅛	−⅛
Aequitrn		112	4⅛	4⅛	4⅛	−¼
AerSys		156	2⅝	2¼	2¼	−¼
AffBsh	.80	343	14⅝	14⅜	14⅝	+¼
AgcyRt	1	510	30½	30⅜	30⅜	−⅛
AirMd	.10e	66	12¼	12¼	12¼	
AirWisc		414	15¼	15	15⅛	−⅛
AlskBc		8	6⅝	6⅜	6⅝	+¼
AlskMt	.25e	43	16¾	16¼	16¼	−¼
AlskNt	1	3	13¼	13¼	13¼	−½
AlskPc	.30e	12	28	28	28	
AlexB	1.40	349	36¼	35¾	35¾	−½
Alfin		18	20¼	20¼	20¼	
Algorex		106	7	7	7	
AlegWt	.05e	68	22	21½	22	+¼
AllegBv	.40	485	21	19¾	19⅜	−⅜
AlldBn	.84	82	24¾	24⅝	24⅝	
Allnet		80	2⅝	2½	2⅝	
AllyGar		1	12¼	12¼	12¼	+¼
AlpMic		1	7¼	7¼	7¼	+⅛
Altmer		104	7⅝	7½	7⅝	+½
Altos		1118	11⅛	10⅞	10⅞	−⅛
Altron		22	11½	11½	11½	
Amcast	.40	16	15	15	15	
AWAirl		396	8	7⅞	7⅞	−⅛
AmAdv		70	9⅞	9⅝	9⅞	−⅛
ABnkr	.50	355	12¼	11¾	12¼	+¼
AmCarr		13	11⅛	10⅞	10⅞	−¼
ACont		31	7⅞	7¾	7⅞	+⅛
AExpl		16	4½	4⅜	4⅜	−¼
AFdSL	.60	59	14¼	14	14	−⅛
AFHm	1.32	11	27½	27½	27½	+1
AmFrst	t	4	7¼	7¼	7¼	
AFletc	1.60	31	45	44½	44½	−½
AFurn	.28	33	12	11¾	11¾	−¼
AGreet	.58	1304	36⅝	35½	36	−⅛
AminLf	.40	37	11¼	11⅛	11⅛	−⅛
AlndF	1.12	2	20¼	20¼	20¼	+½
AlnvLf	.20b	2	6¾	6¾	6¾	+¼
AMagnt		60	9	8¼	8¼	−½
AMS		57	17½	17¼	17½	
AMdSv	.19	25	14¾	14¼	14¼	−½
AMdf		309	⅝	⅝	⅝	
ANtins	1.08	54	33⅛	32¾	32¾	−⅜
AQuasr		9	¾	¾	¾	
ASecC s	1.02	6	27	26¾	26¾	
AmSft s		9	12¼	12	12	
ASolar		65	3½	3⅜	3½	
ASurg		514	1	15-16	1	+1-16
AWatCp	t	2	7	6½	6½	−½
Amritr	3.08	84	66¾	66	66½	
Amrwst		4	21¼	20¾	21¼	+¼
Amgen		667	8½	5⅞	8	
AmskB	.72	85	22½	22¼	22¼	−¼
Amosk	1.20a	14	39	39	39	+1
Ampad e	.40	7	18½	18½	18½	−¼
Anlogic		489	13⅝	13	13¼	+⅛
Analyl		46	9⅝	9½	9½	−¼
Anaren		27	12⅝	12⅝	12⅝	
AndrGr		5	12½	11½	12½	+¾
Andovr		2	8½	8½	8½	
Andrew		901	22¾	22¼	22¾	
Androa		30	4½	4⅜	4½	+⅛
Apogee	.12	39	8	8¾	9	
ApoloC		5130	22¾	21½	21½	−1
AppleC		1883	22	21	21⅜	−½
AplBio s		424	22	21¾	21⅞	−⅛
AplcCm		37	16½	16¼	16¼	−½
AplcDt		16	4½	4½	4½	−½
AplcMt		111	24	23¼	23½	−1
AplcSlr		50	9¾	9⅝	9⅝	−⅛
AplS wt		32	¼	¼	¼	
Archive		21	6¼	6¼	6¼	−⅛
ArgoSy		324	19½	18¾	19	−½
ArizB	.80b	270	29½	28¾	29	−¾
ArowB	2.12	1	45½	45½	45½	
Artel		50	7¼	6¾	6¾	−¼
Ashton		361	9	8¼	8½	−¼
AsdHst	.12	107	12⅝	12½	12½	−⅛
AstroM		27	9¼	9¼	9¼	
Astrcm		41	5	5	5	−⅛
Astron	.18	5	13¼	13	13¼	+¾
Astrosy		214	7⅝	7⅛	7½	−⅛
Atcor	.44	31	18	17	17	−¾
AtlGsLt	2.52	45	31½	31¼	31⅜	−⅛
AtlAm	.40b	20	22¼	21¾	21¾	−½
AtlntBc	.90	202	31¼	30½	51	+½
AtlnFd		8	12⅞	12⅞	12⅞	
AtlFin		48	11½	11¼	11½	+¼
AtlRes		59	35¾	34¾	34¾	−½
AtSeAr s		269	14½	14⅛	14⅜	
AudVid		69	19½	19⅛	19⅜	+¼
Austron		1	4½	4½	4½	+⅛
AlwdDc		29	17¾	17¾	17¾	+¼
AutTrT	1	61	7¼	6¾	7¼	+½
AutoSy		44	11	10½	11	+⅛
Autmtx		287	7½	7¼	7¼	−¼
Auxton		102	4⅝	4¼	4¼	−¼
Avacre		15	5¾	5⅜	5¾	
AvntGr		48	12¾	12	12	
Avntek		180	22⅜	21¾	21⅞	−¾
Avatar		18	18⅜	18¾	18⅜	
AviatGp		82	17½	17¼	17¼	
Aztch		10	2	2	2	−½
B B						
BBDO	2.20	16	49	48½	49	+½
BGS		120	7¼	7¼	7¼	
BIW Cb	.10e	12	6½	6½	6½	
BPI Sy		140	2¾	2¾	2¾	−⅛
BRCom		271	10½	9¾	10¼	
BairdC		29	7⅝	7½	7⅝	−⅛
BakrFn	1e	16	35	35	35	+¼
Baltek s		51	8⅝	7⅞	8⅛	
BaltBcp	.05e	374	24	23⅝	23¾	
BnPonc	2.24	1	50½	50½	50½	+½
BancP s		37	25⅞	25	25	−¼
Bancokl	.90	172	19¾	18½	19¾	+1¼
BcpHw	1.24	1	31	31	31	−¼
Banctec		347	9⅛	8	8¼	−1⅛
BangH	.80	33	8⅛	8	9⅛	
BkDel s	1.20	6	29½	29½	29½	+1½
BkNE	2.84	111	69½	69	69¼	+¾
BkSou	.68b	24	28½	28¼	28½	
Bnkest s		3	15½	13½	13½	+½
BkMAm	1	187	18¾	18¼	10⅜	−⅜
Bankvt		29	12¾	12	12	
Banta s	.18	344	31¾	31½	31½	−¼
BaronD		65	8½	8¼	8½	+¼
Barris		1116	19⅝	17¾	17⅜	−2⅜
Barton		63	3¼	3	3	−⅜
BsTnA		12	9½	9	9½	+¼
BasAm		18	10⅞	10⅝	10⅞	
BsetF	.80a	182	33¾	33¼	33¾	
BayBks	2.32	329	51½	50⅞	50⅞	−⅝
BIFuse s		196	7	6¾	7	
BellNt		580	2½	2¼	2⅜	−⅛
BellW	.10b	1	8¾	8¾	8¾	
BnchCf		21	8¼	8	8	−¼
Benhan		718	19¾	19	18⅛	−1⅜
Benhn wt		127	13⅝	12	12¼	−1⅝
Berkley	.32	61	15⅛	14½	15	+¼
BerkGs	2	1	24	24	24	+2½
BestCp		54	½	7-16	7-16	
BetzLb	1.20	67	34¼	34	34¼	+¼
Bibb e	.60	26	22⅝	22¼	22¼	
Big 9		14	16⅜	16	16	−⅛
BigBear		16	15¼	15	15	
Billings		63	6	5¾	6	+⅛
Bindly		245	24¾	24¼	24¾	
BioRes		43	6⅛	5⅞	5⅞	
Biogen		20	6⅛	6	6	−⅛
Biomet		595	16¼	15¼	16¼	+¾
Bioarc		18	3⅝	3⅜	3⅝	−⅛
BiotcR		1	7⅝	7⅝	7⅝	+⅛
Birdinc		156	8¼	8	8	
BishGr	1	20	5¾	5¼	5½	−¼
BlckInd	.20e	29	9⅛	8⅝	8⅝	−¼
Blasius		21	5	4¾	5	+¼
BlissAT	1	20	7-16	⅜	⅜	
BoatBn	1.50	51	34	33¾	34	
BobEvn	.30	381	20¾	20½	20¾	+¼
BoltTe	.18	2	7¾	7½	7¾	−¼
BoonEl	1	x6	6¾	6¾	6¾	
Boothln		32	4	4	4	
BoothF s	.30	25	18⅝	17¾	17¾	−⅞
BostBc		80	20	19¾	19¾	−¼
BstnDig		45	7¾	7½	7½	+¼
BstnFC	.20e	88	17	16¾	16¾	−¼
BradyW	.10e	14	38	35	38	+1
BrasCp		150	14	13¾	13¾	−¼
BrnchC	1.20	20	32½	32½	32½	
Brenco	.12	103	5⅛	4⅞	5⅛	+⅛
BrwnRb		3	14¾	14¾	14¾	
BrwTom	t	156	2	1⅞	2	+⅛
Bruno s	.14	919	14¾	14½	14¾	+¼
Bulfton		939	1½	17-16	1½	+1-16
BuildTr		468	24¼	23¾	24	−½
Brnhm	.20	1	18¾	18¾	18¾	+¼
BurrpB		57	9½	9¼	9¼	−⅛
BMA	2.08	234	58	51⅛	58	+⅛
Busind		450	7¾	7½	7⅝	−½
ButlrJ	.08e	20	17	17	17	+¼
ButlrM	1.32	4	26½	26½	26½	
C C						
CCB s	.88	11	31½	31½	31½	
C COR		170	8¼	8	8¼	+¼
CP Rhb		288	7	6¾	6¾	
CBT 9 s	.40	32	19	19	19	−1½
CBT Cp	1.80	112	44	43¾	44	
CCX Nt		15	19	18¾	18¾	−⅜
CML		15	10½	10⅜	10⅜	−⅛
CPI		25	17	16¾	17	+¼
CPT		469	5⅝	5½	5½	−⅜
Cache		122	3½	3¼	3¼	
CACI		195	4½	4¼	4⅜	+⅛
CbrySc	.58	1139	19½	19¼	19⅜	+¼
CalAmp		12	2½	2⅜	2½	
CalJky	.50e	2	35	35	35	+¾
CalMic		65	8	7⅞	8	
CalSiv s		44	4¾	4⅝	4¾	
CalWtr s	2.60	34	40½	40	40	+1
CalionP		61	3⅞	3⅝	3⅝	
Calny	.16	90	12⅝	12⅝	12⅝	
Calumt	.14e	289	8	7⅝	8	+¾
CanonG		2118	21⅜	20⅞	21	−⅜
CapSwt	.16e	4	17¼	16¾	17¼	
CapFSL	.20	22	10⅛	9⅞	9⅛	−¼

Continued on Page 31

WORLD STOCK MARKETS

Indices

NEW YORK-DOW JONES

	April 29	April 26	April 25	April 24	April 23	April 22	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	1,268.89*	1,275.18	1,284.78	1278.48	1,278.71	1,288.56	1290.38 (1/3)	1184.85 (4/1)	1290.38 (1/3/85)	41.22 (2/7/32)
Transport	588.60*	588.25	582.89	588.25	588.38	582.48	635.38 (1/3)	553.03 (4/1)	635.38 (1/3/85)	12.32 (8/7/32)
Utilities	154.85*	154.75	154.85	155.26	155.83	154.90	156.34 (15/4)	146.54 (4/1)	163.72 (28/4/88)	10.5 (28/4/42)
Trading vol		86.6m		99.6m	108.9m	79.9m	—	—	—	—

	Apr 19	Apr 12	Mar 29	Year Ago (Approx)
Ind Div Yield %	4.82	4.82	4.82	4.77

STANDARD AND POORS

	April 29	April 26	April 25	April 24	April 23	April 22	1985 High	1985 Low	Since Compilation High	Since Compilation Low
Industrials	201.58	202.35	203.87	202.67	202.42	201.18	205.15 (1/3)	182.24 (4/1)	205.15 (1/3/85)	3.62 (30/6/32)
Composite	181.47	182.18	183.43	182.25	181.88	180.70	183.35 (13/2)	163.68 (4/1)	183.35 (13/2/85)	4.40 (1/6/32)

	April 17	April 10	March 27	Year Ago (Approx)
Ind div yield %	3.85	3.88	3.88	4.88
Ind. P/E Ratio	11.27	11.13	11.14	12.18
Long Gov Bond Yield	11.28	11.53	11.77	12.66

N.Y.S.E ALL COMMON

April 29	April 26	April 25	April 24	1985 High	1985 Low
105.86	105.52	105.15	105.68	106.08 (13/2)	94.88 (4/1)

RISES AND FALLS

	April 26	April 25	April 24
Issues traded	1,938	1,986	1,984
Rises	623	891	783
Falls	828	592	744
Unchanged	484	483	457

New York Active Stocks

	Stocks Traded	3.00p.m. Price	Change on Day		Stocks Traded	3.00p.m. Price	Change on Day
Atl Rich	3,792,300	59	+6	TWA	1,034,200	13½	+ ¾
Unocal CP	2,369,600	46¼	+ ⅛	Gen Motors	1,088,600	67⅞	−1⅜
Mobil	2,337,800	31⅛	+ ¾	Mid-So Ut	1,080,300	13⅛	− ⅛
Southern	1,886,200	20½	unch	ATT	869,700	23⅝	− ⅛
Philips Pet XD	1,068,800	39⅛	− ⅞	Allied Cp	853,300	44⅞	− ¾

Advances 468 Declines 1,004

TORONTO

	April 29	April 26	April 25	April 24	1985 High	1985 Low
Metals & Minls	2,038.5*	u	2,048.8	2,028.4	2190.7 (13/2)	1896.0 (4/1)
Composite	2,654.6*	2,657.7	2,662.5	2,648.8	2648.8 (24/4)	2348.5 (3/1)
MONTREAL Portfolio	130.98*	131.12	131.63	130.74	132.77 (5/3)	117.88 (4/1)

* Indicates pre-close figure

	Apr. 29	Apr. 26	Apr. 25	Apr. 24	1985 High	1985 Low
AUSTRALIA						
All ord. (1/1/80)	869.7	874.8	(c)	871.4	874.1 (26/4)	715.5 (7/1)
Metals & Minls. (1/1/80)	561.5	575.7	(c)	578.2	578.2 (24/4)	362.5 (7/1)
AUSTRIA						
Credit Aktien (2/1/62)	79.73	79.65	79.49	79.78	79.78 (24/4)	58.21 (24/1)
BELGIUM						
Brussels SE (1/1/80)	2,233.85	2228.67	2227.72	2253.86	2318.05 (13/3)	2080.7 (18.1)
DENMARK						
Copenhagen SE (3/1/83)	187.7	192.15	182.15	192.70	192.70 (24/4)	168.44 (8/1)
FRANCE						
CAC General (31/12/82)	215.4	215.5	214.8	215.6	220.0 (12/4)	180.8 (3/1)
Ind Tendance (28/12/84)	117.6	117.5	118.5	118.8	120.8 (12/4)	100.1 (3/1)
GERMANY						
FAZ Aktien (31/12/58)	422.51	425.05	426.47	426.05	426.47 (25/4)	382.59 (3/1)
Commerzbank (1/12/53)	1,252.1	1255.7	1255.6	1252.7	1256.7 (26/4)	1111.8 (3/1)
HONG KONG						
Hang Seng Bank (31/7/64)	1,487.37	1506.48	1510.77	1517.58	1621.60 (18/4)	1220.74 (2/1)
ITALY						
Banca Comm Ital. (1972)	272.58	276.78	(c)	274.93	288.71 (20/3)	228.58 (2/1)
JAPAN**						
Nikkei-Dow (16/5/49)	(c)	12405.10	12383.9	12217.5	12885.8 (5/4)	11543.2 (5/1)
Tokyo SE New (4/1/68)	(c)	967.55	961.96	956.37	1006.86 (22/3)	916.93 (4/1)
NETHERLANDS						
ANP-CBS General (1970)	210.5	211.8	208.5	206.1	211.8 (25/4)	185.8 (8/1)
ANP-CBS Indust (1970)	169.5	168.4	168.6	168.1	168.8 (25/4)	147.9 (8/1)
NORWAY						
Oslo SE (4/1/85)	329.08	324.28	321.16	321.28	345.8 (8/2)	288.18 (2/1)
SINGAPORE						
Straits Times (1966)	736.53	736.85	732.16	732.06	882.85 (7/3)	764.58 (18/1)
SOUTH AFRICA						
JSE Gold (28/9/78)	—	—	1078.4	1071.8	1140.8 (16/4)	858.1 (11/2)
JSE Indust (28/9/78)	—	—	886.2	885.8	888.7 (22/4)	767.1 (7/3)
SPAIN						
Madrid SE (28/12/84)	108.72	108.73	109.05	108.49	117.41 (4/2)	101.49 (2/1)
SWEDEN						
Jacobson & P (1/1/56)	1,445.06	1449.45	1448.58	1448.88	1486.96 (11/2)	1281.68 (2/1)
SWITZERLAND						
SwissBank Cpn. (31/12/58)	424.5	423.3	422.3	420.7	430.9 (19/3)	389.7 (3/1)
WORLD						
Capital Intl. (1/1/70)	—	282.8	283.7	283.0	284.6 (15/4)	184.8 (4/1)

**Saturday April 27. Japan Nikkei-Dow 12,465.92. TSE 969.86.

Base value of all indices are 100 except JSE Gold—255.7, JSE Industrial—264.3, and Australia, All Ordinary and Metals—500, NYSE All Common—50; Standard and Poors—10; and Toronto Composite and Metals—1,000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡400 Industrials plus 40 Utilities, 40 Financials and 20 Transport. c Closed. u Unavailable.

OVER-THE-COUNTER

Continued from Page 30

Stock		Sales (Hnds)	High	Low	Last	Chng
Consul		142	5⅛	4⅞	4⅞	−⅛
ConsFn	.06e	42	3¾	3⅝	3⅝	
ConWt s	1.40	4	25	25	25	−½
CntlBcp	2.04b	58	35¼	34⅞	35	
CtlFSL		5	12½	12½	12½	−⅛
CtlHlt s		48	13¾	13⅝	13⅝	−⅛
CtlHltC		77	5½	5¼	5⅜	+⅛
Contin s	.12	2	30	30	30	
CtLasr		15	6⅛	6	6	
[illegible]						
EnvirT s		18	13½	13½	13½	+1
EnzoBi		118	16¾	16¼	16½	−½
Epsilon		37	13½	12¾	12¾	−¾
Equat		486	15⅞	15¾	15⅝	−⅛
Equion		43	5⅞	5½	5⅞	+¼
EqtOil	.20	51	6⅞	6⅛	6¼	+⅛
EricTl	1.02e	99	32¼	31¾	31¾	−⅛
EvnSut		112	12¾	12¼	12⅝	−⅛
Evrgd		16	4	3⅞	4	
[illegible]						
H H						
HBO	.20	298	20⅛	19⅞	20	
HCC	.05e	175	16	9¾	16	
HCW	.16	61	6	5¾	6	+¼
HEI Tx		197	14½	13¾	14¼	
HMO Am		116	13⅛	13	13	−⅛
Hach Co	.24	1	21¾	21¾	21¾	−¼
Haber s		195	20¼	19⅞	20¼	+¼
[illegible]						

Continued on Page 32

WORLD STOCK MARKETS

OVER-THE-COUNTER

Continued from Page 31

Stock		Sales (Hnds)	High	Low	Last	Chng
Kasler	.50r	413	15½	15¼	15¼	
Kaydon		191	6½	6¼	6¼	−⅛
Kaypro		537	2⅞	2⅝	2¾	+⅛
Keane	.20	52	17½	16	16½	+1¾
KelyJn		1295	⅜	¼	5-16	−⅛
KellyS A	.84	34	39	37½	39	+1½
Kemp	1.60	857	55½	54¾	54¾	−¾
Kencop		7	5	4⅞	4⅞	−⅛
KyCnLf	.90	84	41¼	40¾	40⅞	+⅛
Kevex		50	6¾	6¾	6¾	+⅛
Kevlin		30	6	5¾	6	+½
KowinS s	.44	14	12⅞	12⅝	12⅞	+¼
KeyTrn		96	6¾	6¾	6¾	−⅛
KeysFn	1	11	22	21	21	−1
Kimbal	.54	6	29¼	29¼	29¼	+¼
Kimbrk		9	6	5¾	6	−¼
Kincaid		10	9¼	9¼	9¼	+¾
Kinder s	.06	355	16⅛	15⅞	16	−⅛
Kreisk		2	7½	7½	7½	−½
Kroy	.06	50	7	6½	6¼	−¼
Krugr s	.32	219	15⅛	15	15	
Kulcke	.19	638	18	17½	17½	−½
KustEl		6	7¼	7	7	−¼
L L						
LDBrnk		25	6	7¾	6	+¼
LJN		36	13	12⅞	12⅞	
LSI Log		1032	13¾	12¾	13¼	−1
LTX		162	16¾	15¾	16	−¼
LaPete s		142	15¼	15	15¼	+⅜
LaZ By	1.20	38	41½	41¼	41½	
LacldSt		43	20¼	20	20⅛	−⅛
LadFm	.12a	125	17½	17¼	17½	
Laidlw	.16	5	13¾	13¾	13¾	−¼
LdlT B s	.16	798	9⅜	9⅛	9¼	
LamRs		913	10⅛	9⅝	9⅞	−¼
Lancast	.68	35	15⅛	14¾	14¾	−⅜
Lance s	.92	22	26¼	26	26¼	+¼
LdLnSL	.32	105	16½	16¼	16½	−⅛
LndBF	.60	126	16½	16⅜	16½	
LdmkS		88	14⅛	12⅞	13⅞	−¼
LaneCo	.92	317	47½	47	47½	+½
Langly	.25e	4	7	7	7	
Larsen	.56	16	35	35	35	+¼
Lawsn s	.28	189	30	28	28½	−1¼
LeeDta		724	5⅜	5½	5⅜	
Leiner		212	11¾	16½	16½	−1⅝
LewisP	.28b	3	8½	8⅜	6¾	−⅛
Lexicon		718	2⅝	2⅜	2½	
Lexidta		73	2¼	2	2¼	−⅛
Liebrt	.07	243	18	16¼	18¾	−¼
Lilnvs	.24	12	44¼	44¼	44¼	
LfeCom		209	5⅛	5	5	−⅛
Lilly A s	.38	21	14½	14½	14½	
LilyTul	.30	x1016	10¾	16½	16⅝	+⅛
LinBrd		3276	27	26¾	27	
LincTel	2.20	20	32¼	31¼	32¼	−½
Lindbrg	.16	21	5¼	5	5¼	+⅛
LinerCp		16	5	5	5	−⅛
LqBox	.72	7	49	47	47	−2
LttlArt	.76	2	23	23	22	+½
LizCla s	.25	795	39¼	38	38	−1
LongF	1.28	60	23¾	23¼	23¾	+½
Lotus		791	28¾	27½	28	−¾
Lyndon		1	23¾	23¾	23¾	
Lypho s		459	17⅜	17⅛	17¼	−⅛
M M						
MCI		3611	0	8⅝	8¾	−¼
MPSI s		113	5	5	5	
MTS s	.24	59	16½	18	18	−¼
MTV		64	25	24½	24½	−½
MachTc		2	7¼	7⅛	7⅛	
MackTr		1508	12⅝	11⅜	11⅝	−¾
MadGE	2.20	92	26⅛	24	24⅛	
MagmP		93	6⅝	6¾	6½	
MagBk		62	21¼	19½	20¾	−¾

Stock	Sales (Hnds)	High	Low	Last	Chng
MagGp … Zyrez (remaining OTC columns M–Z)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON

Chief price changes
(In pence unless otherwise indicated)

RISES		
Ex 12% 99-02	£109⅝	+£⅝
Arrow Chemicals	59xd	+6½
Barrat Dev	90	+ 6
Beattie (J) A	140	+ 8
Carpets Int'l	67	+4½
Clayton, Soo	103	+20
Crystalate	183	+13
Dale Electric	76	+ 9
Debenhams	279	+ 6
French Kier	127	+ 7
Habitat Mother	368	+12
Higsons Brewery	165	+29
Hogg Robinson	295	+14
Johnson, Matthey	77	+ 7
MacLellan (P&W)	41	+ 6
Menzies (J)	287	+ 7
Morgan Comms	117	+17
Nimslo Int'l	36	+ 7
Peotland Inds	730	+45
Selincourt	32¼	+1½
Slingsby (HC)	95	+14
Stormgard	34	+ 8
Textured Jersey	81	+ 6
Yorkgreen Invs	13	+ 3
FALLS		
Aust Cons Min	69	−15
BPB Inds	242	− 8
Minet Hldgs	234	− 9
Sons of Gwalia	112	−13
Vaal Reefs	£76	−£5½
Wadkin	123	−19

LONDON STOCK EXCHANGE

MARKET REPORT

Firmer sterling encourages domestic and overseas support of Gilt-edged stocks

Account Dealing Dates

Option *First Dealings	Declarations	Last Dealings	Account Day
Apr 15	Apr 25	Apr 26	May 7
Apr 29	May 9	May 10	May 20
May 13	May 30	May 31	June 10

* "New-time" dealings may take place from 9.30 am two business days earlier.

The basically neutral stance taken by leading London equities over the past two weeks followed through into the first session of the new trading Account yesterday. Business in many blue chip issues was again at a low level with a firm sterling exchange rate putting paid to any significant demand for international stocks. Numerous second-line shares made good progress, inspired by the usual batch of weekend Press recommendations, while takeover speculation continued to flourish in selected industrials.

The only sector to attract any worthwhile interest was Gilt-edged. Domestic and overseas operators were encouraged by sterling's marked recovery from an initially lower rate against the dollar and the ensuing demand for gilts tested the authorities for stock. The Government broker eventually accepted a bid of £106¾ for supplies of the £150m tranche of Treasury 11½ per cent 2001-04, made available to the market a week ago, and then announced its exhaustion.

Shortly afterwards, the tone softened and longer-dated stocks moved away from the highest levels. The drifting tendency continued later in unison with a dull opening in the U.S. bond market. This affected futures market quotations here and the gains in selected long Gilts were subsequently pared from ¾ to a maximum of ⅜. Sterling closed a cent up against the dollar helped by end of the month professional book-squaring more than any other factor.

Neither the gloomy IMF view of UK economic prospects nor Wall Street's reversal on Friday influenced sentiment to any extent in equity markets; an opening small fall in the FT Ordinary share index was largely a reflection of the dividend deductions of constituents BICC, Blue Circle and Glaxo, but ICI eased despite the confident tenor of the chairman's agm statement. From 11.00 am onwards the index showed a loss of around two points and it closed a net 2.4 lower at 968.5.

Hogg Robinson firm

Hogg Robinson, in which the Kuwait Investment Office own an 11 per cent stake, advanced strongly to 302p before closing 14 higher at 295p on revived takeover speculation. Minet, on the other hand, dropped 9 to 234p with sentiment here still clouded by problems concerning its Richard Beckett Underwriting Agencies (formerly PCW Underwriting Agencies). Derek Bryant lost 10 to 365p and C. E. Heath relinquished 12 at 558p. Elsewhere in Insurances, Equity and Law moved up 7 to 237p and Prudential added 22 to 660p.

Royal Bank of Scotland, 6 dearer at 282p, provided an isolated firm feature in a listless banking sector.

Housebuilders Persimmon made a subdued market debut; the shares opened at 112p, but drifted back to 109p before settling at the offer-for-sale price of 110p. In the Unlisted Securities Market, Moorgate Group, a marketing and public relations company, were given an enthusiastic reception and started some 23p above the placing price of 120p prior to settling at 145p. Specialist engineering group Wkyo touched 72p before closing at 71p compared with the placing price of 68p.

Higsons were to the fore again in Breweries, closing 29 higher at 165p, after 170p, following renewed speculative demand in a restricted market; sentiment was not affected by the Board's non-committal statement regarding the current advance in the shares. Elsewhere, Wolverhampton and Dudley improved 4 to 310p, while Young "A" relinquished 5 at 200p.

Leading Buildings made an irregular showing. BPB Industries gave up 9 to 242p on lack of interest, while Tarmac softened a couple of pence to 532p awaiting today's preliminary results; dealers are expecting the group to reveal annual pre-tax profits in the region of £105m. Rugby Portland Cement edged up 1½ to 122p xd and Redland hardened a couple of pence to 278p. Elsewhere, Barratt Developments continued to attract buyers in the wake of a broker's meeting and firmed 6 afresh to 90p, while French Kier gained 7 to 127p after revealing annual profits well above market estimates.

The chairman's statement at the annual meeting failed to stimulate ICI which drifted off on currency influences to close 7 lower at 740p. Other Chemicals attracted selective interest. Yorkshire Chemicals were a firm counter at 72p, up 4, while Arrow gained 6½ to 59p xd and Hickson International moved up 8 to 460p.

Debenhams up again

Debenhams were again the subject of bid speculation and closed 6 higher at 279p, after 281p. Burton, which revealed over the weekend that it has held discussions with its merchant bankers over the position of Debenhams, fell 7 more at 460p, while Habitat Mothercare advanced 12 to 368p, after 372p, on further consideration of the recent strong denial to acquire Debenhams. Other leading Stores made progress with Woolworth notable for a rise of 16 to 828p, after 835p. Secondary issues featured John Menzies, 287p, and J. Beattie, 140p, up 7 and 8 respectively following impressive trading statements, while revived speculative buying lifted Combined English 5 to 127p and Lincroft Kilgour 8 to 168p. Goldsmiths firmed 6 to 217p and Dunhill added 7 at 365p. Sellincourt rose 1½ more for a two-day rise of 4 to 32½p in the wake of the share-exchange terms from Mrs Jennifer d'abo's "shell" concern, Stormgard; the latter were 8 better at 34p.

Leading Electricals showed few signs of life, but several noteworthy movements occured in secondary issues. Weekend Press mention stimulated demand for Dale Electric, up 9 at 76p, and Crystalate, 13 to the good at 183p. Muirhead firmed 4 to 190p awaiting further bid developments, but Resource Technology fell 5 to 40p following weekend Press comment suggesting a possible boardroom revolt. Further consideration of the preliminary figures left Wordplex a similar amount cheaper at 168p.

Interest in the Engineering sector centred largely on Westland which encountered initial profit-taking before advancing to 147p on news of the bid from Bristow Rotorcraft and closing unaltered on the day at 140p. Comment on the preliminary figures prompted a sharp rise of 20 to 103p in Clayton Son, while satisfactory annual results left Simon Engineering 8 to the good at 254p. A poor trading statement lowered Wadkin 19 to 123p, after 113p, but revived speculative demand left Stothert and Pitt 7 higher at 142p. Hadens, currently the subject of an unwelcome bid from Trafalgar House, ran back 13 to 307p on a Press article recommending shareholders to sell in the market. Elsewhere, TI hardened 4 to 238p following the chairman's statement at the annual meeting.

Northern Foods, a firm counter last Friday amid talk of a possible offer from Imperial Group, encountered profit-taking in the absence of any developments and closed 6 off at 240p. On the other hand, recently-overlooked Unigate firmed 3 to 156p and Hillsdown Holdings added the same amount to 155p. Maynards attracted buying in a restricted market and gained 20 to 300p, but Albert Fisher gave up 4 to 117p. J. E. England, which moved up sharply last week following the return to profitability, touched 47p prior to closing 4 higher at 44p.

Pentland Inds. up again

BTR improved 12 to 702p on occasional buying interest, but other leading miscellaneous industrials rarely strayed from Friday's closing levels. Elsewhere, Pentland featured a fresh gain of 45 to 730p, while good preliminary figures directed buying attention to H. C. Slingsby, which advanced 14 to 95p. Johnson Matthey came to life, rising 7 to 77p following reports of top level management changes and a financial restructuring. Increased annual earnings left P. and W. MacLellan 6 to the good at 41p, while a flurry of speculative demand lifted Neill and Spencer 6 to 30. Enlivened by week-end Press mention, London and Northern rose 4 to 80p. Appledore continued to make progress at 247p, up 7, while other bright spots included Brammer, 17 higher at 315 pxd, Sangers, 7 higher at 75p, and Redfearn Glass, 4 to the good at 82p. British Aerospace drifted off to close 10 lower at 400p awaiting further details of the Government's offer for sale.

Camera group Nimslo International continued to attract buyers ahead of tomorrow's annual results and touched 39p prior to closing a net 7 up at 36p.

In Motors, Widney, at 34p, and Kwik Fit, at 41p, firmed 3 apiece in response to Press comment.

Morgan Communications jumped 17 to 117p in reply to an investment recommendation. Among Paper/Printings, Carlton Communications put on 10 to 670p.

Leading Properties gave a steady performance. Stock Conversion firmed 5 to 495p on the view that Stockley, a penny dearer at 71p, will eventually launch a full bid for the company. Imry, a firm counter on Friday after news that the company had let the Boston Park Plaza at Brentford to Wang, the computer group, rose 5 more to 300p.

Craig Shipping jumped 35 to 570p following demand in a thin market.

Oils easier

The two-day burst of American buying of leading oils, triggered by a bullish circular from U.S. broker Goldman Sachs, ground to a halt. The absence of any significant fresh demand, coupled with a firm showing by sterling, prompted an initial mark-down which was followed by persistent small selling pressure. This continued until the after-hours when "cheap" buying took most issues off the day's lowest levels. Secondary oils were much livelier. Indonesian exploration hopes boosted Jackson Exploration 4 to 67p, after 70p, while bid rumours continued to stimulate demand for Caledonian Offshore, 15 higher at 370p, after 375p and Floyd Oil, 3 harder at 98p. Press comment helped Cluff Oil move up 5 to 58p.

Elsewhere, Irish issues were highlighted by Osceola Hydrocarbons which ended the day 2 cheaper at 54p, after 48p, following the placement of 1.5m shares in the Republic of Ireland and 1m in London at 50 Irish pence a share.

Vaal Reefs weak

Attention in mining markets was sharply focussed on Southvaal, Vaal Reefs and Hartebeest following the mass sackings of black workers at the two mining complexes over the weekend. Worries over the adverse effects on production unsettled the whole of the South African gold sector and brought sustained pressure to bear on Vaal Reefs, which dropped to £75¼ before steadying to close a net £5⅛ lower at £76. Southvaal retreated £1⅞ to £37⅞ and Hartebeest 18 to 484p.

Bullion edged higher and settled $2 firmer at $323.5 while the Gold Mines lost ground for the first time in four trading days and registered a 12.6 decline to 508.60.

The overseas-based UK-quoted company seeking to acquire a controlling interest in Egoli Consolidated's Spring Dagga Gold Mines was revealed as Cobra Emerald. Recently booyant Egoli was suspended at 105p at the outset of trading, as were shares in Cobra Emerald, 120p; the latter proposes to buy a 61 per cent stake in Spring Dagga and intends making a rights issue, the amount and terms of which have yet to be determined.

The developments in the South African goldfields unsettled holders of Consolidated Gold Fields which moved progressively lower and closed 6 off at 542p. Rio Tinto-Zinc drifted back on lack of interest and ended 10 cheaper at 628p.

The latest advance by sterling against the Australian dollar prompted renewed profit-taking throughout the list of "down-under" issues. Recent speculative favourites were particularly weak with Australian Consolidated Minerals closing 15 off at 69p after the recent farm in deal with Placer Development. Among Golds, Sons of Gwalia fell away and settled 13 cheaper at 112p while Central Norseman dropped 25 to 433p, Gold Mines of Kalgoorlie 20 to 495p and Poseidon 13 to 233p.

Interest in Traded Options was small. The 6,083 total number of contracts struck fell short of last week's daily average. However, British Telecom attracted a fair business, with 1,061 calls and 524 puts arranged.

FINANCIAL TIMES STOCK INDICES

	Apr. 29	Apr. 26	Apr. 25	Apr. 24	Apr. 23	Apr. 22	year ago
Government Secs.	81.30	81.19	81.28	81.40	81.75	81.88	81.60
Fixed Interest	85.58	85.87	85.98	86.11	86.17	86.19	85.60
Ordinary	968.5	970.9	965.8	962.5	959.6	971.6	910.1
Gold Mines	508.6	521.2	515.1	509.3	507.6	512.9	676.5
Ord. Div. Yield	4.69	4.68	4.71	4.71	4.74	4.68	4.25
Earnings, Yld.% (full)	11.78	11.75	11.85	11.86	11.96	11.80	9.62
P/E Ratio (net) (*)	10.34	10.57	10.30	10.27	10.19	10.32	12.29
Total bargains (Est.)	25,575	26,789	23,670	24,085	23,353	24,495	31,302
Equity turnover £m.	—	568.89	444.06	429.07	347.46	325.09	242.69
Equity bargains	—	26,514	23,426	19,308	22,720	18,891	21,559
Shares traded (ml)	—	271.2	223.3	190.3	151.5	114.1	141.0

10 am 969.2. 11 am 968.7. Noon 968.7. 1 pm 968.9. 2 pm 968.9. 3 pm 968.9.

Basis 100 Govt. Secs. 15/10/26. Fixed Int. 1928. Ordinary 1/7/35. Gold Mines 12/9/55. SE Activity 1974.

Latest Index 01-246 8026.

*Nil=10.03.

HIGHS AND LOWS

—	1985 High	1985 Low	Since Compilat'n High	Since Compilat'n Low
Govt. Secs.	82.00 (18/4)	78.02 (28/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Int.	86.19 (22/4)	82.17 (28/1)	150.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1024.5 (22/1)	928.7 (4/1)	1024.5 (22/1/85)	49.4 (26/6/40)
Gold Mines	636.9 (15/4)	459.5 (25/1)	734.7 (15/2/83)	43.5 (26/10/71)

S.E. ACTIVITY INDICES

	Apr. 29	Apr. 26
Daily Gilt Edged Bargains	124.8	125.5
Equities Bargains	172.4	151.8
Equities Value	1,149.5	897.5
5day Average Gilt Edged Bargains	132.1	139.5
Equities Bargains	143.7	134.2
Equities Value	814.5	899.1

NEW HIGHS AND LOWS FOR 1985

NEW HIGHS (75)

LOANS (1)
Inv. In Ind. 7¼pc A Db. 1989-92

AMERICANS (1)
Tenneco 10pc Ln. 1991-95

BREWERS (2)
Clark (Matthew) — Devenish (J. A.)

BUILDINGS (2)
Access Satellite — Lafarge Corp.

STORES (6)
Debenhams — Moss Bros.
Dunhill — Sellincourt
Menzies (J.) — Tern Group

ELECTRICALS (2)
Energy Services — Molynx

ENGINEERING (8)
Aurora — Clayton Son
Beauford — Megaff
Brooke Tool — Staveley Inds.
Cartwright (R.) — Westland

FOODS (3)
Cullen's Stores — Maynards
England (J. E.)

INDUSTRIALS (22)
AGA AB — Pentland Inds.
Aaronson Bros. — Platon Internatl.
Appledore (A. P.) — Polly Peck Internatl.
Barham Group — Do. 9pc Cnv. Ln 2003-08
Chemical Methods — Rooney
Cole Group — Do. A
Dufay Bitumastic — Sangers
Erskine House — Do. 11pc Cnv. Ln. 1994-2002
Inter-City Invs. — Toothill (R. W.)
Marling Inds. — Widney
NMW Computers
Ozalid 9pc Cnv. Uns. Ln. 1987-92

INSURANCE (2)
Britannic — Prudential

LEISURE (7)
Nimslo

MOTORS (2)
York Trailer — Caffyns

PROPERTY (2)
Lond. & Edin. Trust — Mountview Estates

TEXTILES (6)
Carpets Internatl. — Kingsley & Forester
Illingworth Morris — Lyles (S.)
Do. A — Textured Jersey

TRUSTS (9)
Ambrose Inv. Inc. — Lowland Inv.
City of Oxford — Shires Inv. 11pc Cnv. Ln. 2003-04
Fashion & General — Equity Finance
Fundinvest Inc. — M. & G. Group
German Small Inv.

OILS (2)
Command Petrol. — Fishermen's Petrol.

MINES (4)
Beatrix Mines — United Goldfields
Forsyth Oil & Gas — West Coast

NEW LOWS (30)

AMERICANS (3)
Brunswick Corp. — Pall Corp.
Fin. Cpn. of America

BREWERS (3)
Bulmer (H. P.) — Young & Co. Brew. A
Invergordon Distillers

BUILDINGS (2)
Gleeson (M. J.) — Henderson Group

CHEMICALS (2)
Coates Bros. A N-V — Wardle Storeys

STORES (1)
Wigfall (H.)

ELECTRICALS (5)
Dubilier — Powerline Internatl.
Memec — Security Centres
Mitel

ENGINEERING (2)
Astra Industrial — ML Hldgs.

FOODS (1)
Tavener Rutledge

INDUSTRIALS (2)
Aberfoyle Hldgs. — Staffs. Potteries

INSURANCE (1)
Heath (C. E.)

LEISURE (1)
Nationwide Leisure

PROPERTY (1)
Edmond Hldgs.

TRUSTS (2)
Chambej &c. Inc. — Hambro Trust

OILS (2)
Global Nat. Res'ces — Ohio Resources

PLANTATIONS (2)
Assam-Dooars — Plantation Gen. Invs.

FRIDAY'S ACTIVE STOCKS

Based on bargains recorded in Stock Exchange Official List.

Stock	No. of changes	Fri. close	Day's change
Debenhams	31	273	+6
Westland	30	140	+17
Falcon Res	28	426	−4
ICI	21	747	+3
Pentland Inds	20	685	+25
Sellncourt	20	30½	+2½
Birmid Qualcast	18	86	+3
BP	18	560	+13
Polly Peck	18	270	—
Tricentrol	18	247	−3
Appledore A&P	17	740	+13
Comm Union	17	218	−1
Blue Circle	16	516	+23
Brit. Aerospace	15	410	−3

RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

RIGHTS OFFERS

... yield. u Forecast dividend cover based on previous year's earnings. F Dividend and yield based on prospectus or other official estimates for 1985. H Dividend and yield based on prospectus or other official estimates for 1984. Q Gross. p Pence unless otherwise indicated. ¶ Issued by tender. ‖ Offered holders of ordinary shares as a "rights." ** Issued by way of capitalisation. §§ Reintroduced. ¶¶ Issued in connection with reorganisation merger or takeover. ■ Allotment letters or fully-paid. ‖‖ Introduction. ✻ Unlisted Securities Market. ‡ Placing price. T Figures assumed. †† Official London Listing. ‡‡ Dealt in under Rule 535(3). † Comprising 100 Prf. and one Ptg. share, nominal of conv. stock. ‡ Units comprising 4 Ord., 1 Warrant and £1.00 of 12½ per cent Uns.Ln. stk. 1995-99.

OPTIONS

First Dealings	Last Dealings	Last Declaration	For Settlement
Apr 22	May 3	July 25	Aug 5
May 7	May 17	Aug 8	Aug 19
May 20	June 7	Aug 29	Sept 9

For rate indications see end of Share Information Service

Money was given for the call of Premier Consolidated, Tranwood, Inter-City, Atlantic Resources, CPU Computers, Eglinton Oil and Celtic Haven. No put or double options were reported.

ACTIVE STOCKS

Above average activity was noted in the following stocks yesterday.

Stock	Closing price	Day's change
BAT Inds	328	−8
Debenhams	279	+6
GKN	234	+1
Habitat Mothercare	368	+12
Higsons Brewery	165	+29
Hogg Robinson	295	+14
ICI	740	−7
Osceola Hydro	54	−2
Pentland Inds	730	+45
Vaal Reefs	£76	−5⅛
Westland	140	—
Woolworth	828	+16

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	36	11	22
Corpns. Dom. and Foreign Bonds	8	8	56
Industrials	336	275	833
Fin. and Props.	114	100	332
Oils	28	38	59
Plantations	4	4	5
Mines	15	95	69
Others	73	137	20
Totals	667	668	1,400

FT-ACTUARIES SHARE INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

FIXED INTEREST

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A list of constituents is available from the Publishers, the Financial Times, Bracken House, Cannon Street, London, EC4P 4BY, price 15p, by post 28p.

EUROPEAN OPTIONS EXCHANGE

TOTAL VOLUME IN CONTRACTS: 16,061

A=Ask B=Bid C=Call P=Put

LONDON TRADED OPTIONS

Option		Calls Jly.	Calls Oct.	Calls Jan.	Puts Jly.	Puts Oct.	Puts Jan.
B.P. (*553)	460	110	123	—	4	7	—
	500	73	88	100	3	13	17
	550	55	50	62	23	32	42
	600	12	25	—	50	58	—
Cons. Gold	460	107	113	—	4	9	—

Option		Calls May	Calls Aug.	Calls Nov.	Puts May	Puts Aug.	Puts Nov.
Imperial Gp. (*187)	150	50	57	—	1½	9	—
	160	19	18	24	4	9	11
	200	4	13	17	13	21	25
	220	0½	5	7	35	37	41
LASMO (*508)	298	25	40	50	3	11	14
	323	9	25	37	20	28	55

Apr. 29. Total contracts 6,083 Calls 3,624. Puts 2,459. * Underlying security price.

LONDON SHARE SERVICE

BRITISH FUNDS

1985 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
100⅞	99 1/4	Treas 11¼pc 1985	99¼	..	11.53	12.59
98	97¼	Treas 8¼pc Cnv '85	98¼	+	8.86	12.25
101	99	Exch 12¼pc 1985	100¼xd	+⅛	12.23	12.01
101	99	Exch. 11¾pc '86	100	+⅛	11.75	11.66
99½	97	Treas. 10pc Cnv 1986	98	+⅛	10.13	11.47
94⅛	92⅛	Treas 3pc 1986	93¾	+	3.20	9.39
100	97½	Exch. 10½pc Cv '86	99½	+⅛	10.59	11.44
101⅞	99¼	Treas 12pc 1986	100½	+	11.94	11.47
97	94¼	Treas 8¾pc 1984-86‡‡	96¾	+⅛	.077	11.35
105	102	Exch. 14pc 1986	103¼xd	+⅛	11.56	11.61
91⅞	87¼	Exch 2½pc 1986	91½xd	+⅛	2.73	8.43

Five to Fifteen Years

Over Fifteen Years

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

AMERICANS—Cont.

CANADIANS

BANKS, HP & LEASING

Hire Purchase, Leasing, etc.

BEERS, WINES & SPIRITS

BEERS, WINES—Cont.

BUILDING, TIMBER, ROADS

CHEMICALS, PLASTICS

DRAPERY AND STORES

DRAPERY & STORES—Cont.

ELECTRICALS

ENGINEERING

ENGINEERING—Continued

FOOD, GROCERIES, ETC

HOTELS AND CATERERS

HOTELS—Continued

INDUSTRIALS (Miscel.)

INDUSTRIALS—Continued

1985 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
£96	£81	Mathesons 7¼%	£85		07¼%	2.3	19.3	—
435	375	Metal Box £1	400	+13	†15.0	3.2	5.4	6.4
170	136	Metal Closures	148	–2	6.7	2.0	6.5	9.2
17	9	Metal Sciences 2½p	11		—	—	—	—
104	75	Midland Marts	104					
83½	60	Mitchell Cotts	74½	+2½	4.0	1.0	5.5	13.2
220	182	Morgan Crucible	211	+1	14.0	1.3	7.7	10.7
32	22	Morris (W) F.A. 20p	31½	+½	8.0	♦	5.4	18.2
185	91	Moss (Robt.) 10p	92	+1	0.5	♦	2.5	♦
410	267	NMW Computers	410	+28	12.5	2.5	3.9	13.3
43	34	Nash Inds.	34		6.0	♦	2.1	♦
48	24	Neil & Spencer 10p	30	+6	2.5	1.3	10.5	7.8
32½	14½	Newman Inds 10p	24½		♦	—	—	9.0
33½	18½	Do. 10pc Cnv.Cnv.Pf	31	+½	—	—	—	♦
55	43	Norton	53		10%	—	4.6	—
183	146	Norcros	148		1.1	4.5	3.8	8.9
64	52	No-Swift 5p	52		18.6	2.4	8.3	7.8
95	68	Oakwood Grp	90	–5	12.4	3.2	6.6	6.8
176	150	Office & Elect	173		4.9	1.4	7.1	13.3
108	83	Oldacre 20p	83		7.5	♦	4.3	♦
58	37	Optometrics $0.01	44		4.0	2.6	6.9	7.4
925	625	Oriflame Intl SA	825		0.02c	—	8.4	46.7
		For Osborne and Little see Paper/Printing			46.81	1.3	0.1	12.0
18	15	Ovenstone 12½c	17		—	—	—	—
£178	£158	Oxalid 9pc Cnv 87-92	£170	+5	04.5c	2.2	‡	3.9
185	105	PPCT Grp 10p	160		09%	—	15.2	—
£14	£10¼	PLM 'B' Sk 25	£11½		4.8	2.9	4.2	9.0
193	169	PSM Intl	173		21.6%	♦	4.6	♦
60	50	Pacific Sales 10p	53		5.25	2.6	4.3	12.7
190	165	Parker Knoll 'A'	188	+1	2.4	2.2	6.5	(8.0)
375	205	Pauls	362		9.0	2.8	6.8	7.4
725	575	Pearson	708		13.0	2.5	5.1	15.9
28	28	Peak Holdings	25		17.0	3.1	3.4	12.2
94	88	Peerless	88		—	—	—	—
730	297	Pentland 10p	730	+45	6.3	1.4	10.2	0.9
46	33	Pentos 10p	44		2.6	♦	0.3	♦
54	44	Phillips Patents	45		0.35	7.7	1.1	11.9
£11½	£10½	Photo-Me 50p	£11½		1.25	—	4.0	—
323	272	Pilkington Br. £1	280	–5	9.45	6.6	1.2	—
£315	£225	Pitney-Bowes Cnv. Ln.	[illegible]		12.5	2.9	6.4	6.3

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

LEISURE—Continued

1985 High	Low	Stock	Price	+ or –	Div Net	C'vr	Y'ld Gr's	P/E
162	146	Magnet Ag. M. 10p	162		8.75	1.2	7.7	14.5
183	155	Media Tech Inc 20p	155		2.58	3.9	2.4	15.3
200	124	Medminster 10p	175	–2	4.85	2.6	4.0	11.0
280	175	Miss World 10p	250		3.6	4.1	2.1	17.0
127½	102	Nationwide Leis.	102	–5½	3.75	♦	5.3	♦
39	15	Norsk Int 20c	36	+7	—	—	—	—
24½	19	Owners Abroad	20½	–1	1.0	♦	7.0	♦
46	38	Photax (Lon.)	40	–2	—	—	—	—
24½	22	P'dilly Radio N/V 5p	22½		1.87	♦	11.9	♦
90	55	Pineapple Dnc $1 10p	56		1.5	1.2	3.8	30.1
458	366	Pleasurama 5p	448		9.2	♦	3.0	♦
96	77½	Pres Entertain 50p	91½	–½	2.0	2.1	3.1	21.7
65	28	Radio City 'A' N/V	37		5.6	0.9	21.6	7.3
55	43	Radio Clyde N/V	43		3.25	2.0	10.8	6.3
63	37	Riley Leisure 10p	32		0.7	—	‡	—
193	143	Saga Hols. 20p	180		4.0	2.1	3.2	19.2
£11	540	Samuelson Grp £1	£12		9.0	3.6	—	0.3
39	25	Sangers Photo 10p	35		2.0	1.1	8.2	15.8
202	138	Scarre 50p	245	+2	3.68	♦	2.8	♦
136	130	Scott. TV 'A' 10p	130	+1½	8.8	♦	9.7	♦
508	319	SeaCo Inc $0.125	345	–9	—	—	—	—
15	9	SelecTV 10p	11		—	—	—	—
140	28	Spectrum 5p	28		2.0	4.8	‡	2.9
32	23	TSW 5p	24	+1	1.5	2.6	0.9	6.0
142	110	TVS N/Vtg 10p	110		6.0	2.2	6.5	8.3
235	132	Television Svcs 50p	232	+4	1.5	♦	0.9	♦
79	69	Tottenham Hotspur	69		2.3	1.6	8.3	10.8
260	182	Trid'nt TV 'A' 10p	245		7.5	1.0	4.4	18.3
160	106	21st Century Dist	117		—	—	—	—
165	138	Tyne Tees TV 'A' £1	130		10.5	2.5	10.9	5.8
92	84	Ulster TV N/V 'A'	89	+2½	4.75	♦	7.6	♦
26	20½	Webb (Jos.) 5p	22		0.51	1.0	3.3	43.7
26½	20	Williams (Rex) 5p	21½		0.91	—	6.0	—
112	93	Zetters 5p	112		5.25	3.0	4.1	11.5

MOTORS, AIRCRAFT TRADES

Motors and Cycles

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

PROPERTY—Continued

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

INVESTMENT TRUSTS—Cont.

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

MINES—Continued

Finance

[illegible]

Australians

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

NOTES

[illegible]

REGIONAL & IRISH STOCKS

[illegible]

OPTIONS—3-month call rates

[illegible]

"Recent Issues" and "Rights" Page 31

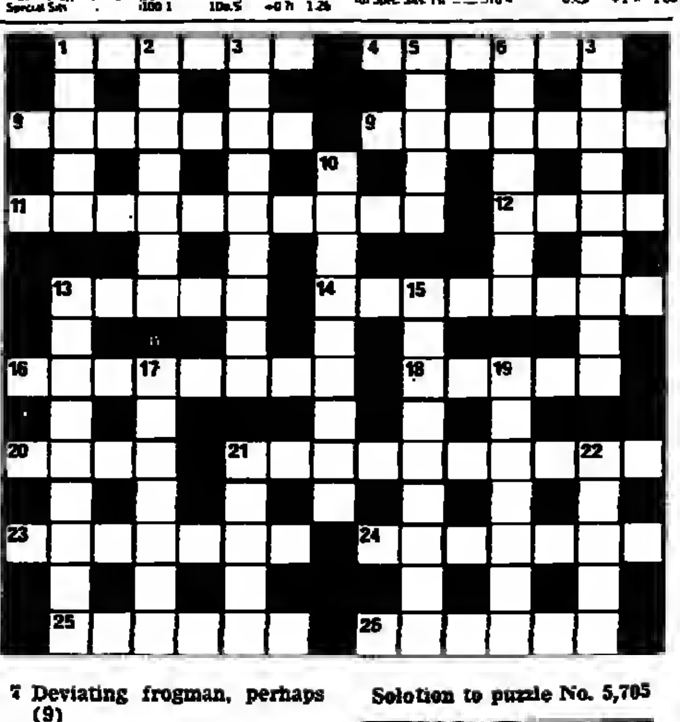
This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £800 per annum for each security.

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

INSURANCES

F.T. CROSSWORD PUZZLE No. 5,706



ACROSS

1 Gradually descend to procrastination? (6)
4 What water-pipes should be kept behind? (6)
6 Beat up stale mixture (7)
9 The sleep I have is disturbed (7)
11 Oil rig sited in a good position (4, 6)
12 Don't work for nothing (4)
13 Strange job an instrumentalist may hold (5)
14 His questions are matters of opinion (8)
16 Completely fail to provide breakfast (3, 2, 3)
18 A fight in the neighbourhood (5)
20 A bird others turn to? (4)
21 An example of extreme wear (6, 4)
23 Furnish with a soft tip (7)
24 Drastic cut in the monastic establishment (7)
25 They hold an alternative view of things (6)
26 Maroon thread (6)

DOWN

1 Nevil comes from the U.S. (5)
2 Greek letter varies in slope (7)
3 Overall it is represented as an indispensable part (5, 4)
5 A capital forward (5)
6 Collects the rags after sorting (7)
7 Deviating frogman, perhaps (9)
10 He's given unwarranted responsibility (9)
13 Unlit locality is a danger to drivers (5, 4)
15 Deals exclusively with signs of spring (6, 3)
17 A beer taken round to France, possibly (7)
19 Prospect following land clearance (4, 3)
21 Possibly infer it's of higher quality (5)
22 Blush like an unfortunate matador (5)

Solution to puzzle No. 5,705

INSURANCE, OVERSEAS & MONEY FUNDS

[illegible]

OFFSHORE AND OVERSEAS

[illegible]

World Wide Growth Management
10A, Boulevard Royal, Luxembourg

Worldwide Gth Fd	$12.22		+0.04	—

Wren Commodity Management Ltd.
10, St George's St, Douglas IoM. 0624 25015

Wren Cmt. Fund	12.8	13.4		0.00
Chinese Fund	59.3	62.0		0.00
Precious Metal Fund	69.5	72.4		0.00
Vanguard Cmdy. Fd.	19.3	19.8		0.00
Financial Futures Fd.	31.6	33.8		—

Yamaichi Dynamic Mngt Co SA
10A Boulevard Royal, Luxembourg

Dynamic Gwth Fd		98.40	−0.07	—

Money Market Trust Funds

	Gross	Net	Gr Equiv CAR	Int Cr
The Money Market Trust — 63 Qn Victoria St, EC4N 4ST. 01-236 0952				
Call Fnd	12.77	9.55	14.71	[illegible]
7-day Fnd	13.13	9.80	14.41	[illegible]
Oppenheimer Money Management Ltd — 66 Cannon St, EC4N 6AE. 01-236 1425				
Call Fnd	12.90	[illegible]	14.24	[illegible]
7-Day Fund	12.65	9.46	13.97	[illegible]
Dollar	[illegible]	—	—	[illegible]
Money Mngt. Acc.	12.50	9.34	14.01	[illegible]

Money Market Bank Accounts

	Gross	Net	Gr Equiv CAR	Int Cr
Aitken Hume — 30 City Road, EC1Y 2AY. 01-638 6070				
7-day Acc.	12.75	9.53	14.52	Qtr
Mth. Int. Chq.	12.625	9.44	14.35	Mth
Bank of Scotland — 38 Threadneedle St, EC2P 2EH. 01-628 8060				
Cheque Acc.	12.05	9.00	13.40	Mth
Barclays Prime Account — PO Box 125, Northampton 0604 252891				
High Int. Cheque	12.25	9.00	13.49	Qtr
Britannia Grp of Investment Companies — 29 Finsbury Circus, EC2M 5QL. 01-588 2777				
Cater Allen	12.25	9.16	13.64	Mth
Charterhouse Japhet plc — 1 Paternoster Row, EC4M 7DH. 01-248 3999				
Sterling	12.375	9.25	14.23	Mth
U.S. Dollar	9.00	6.90	8.90	Mth
German Marks	5.0	4.72	5.12	Mth
Swiss francs	3.00	1.50		Mth
Japanese Yen	5.00	3.74	5.12	Mth
Co-operative Bank Cheque & Save — 78-80 Cornhill EC3 01-626 6543 Ex 464				
£500-£2,500	11.0	8.22	12.11	Qtr
£2,500 +	13.00	9.72	14.40	Qtr
Dartington & Co Ltd — Dartington, Totnes, Devon TQ9 6JE. 0803 862271				
Money Mkt Acc.	12.79	9.53	14.37	Qtr
Henderson/Bank of Scotland — 38 Threadneedle St EC2P 2EH 01-628 8060				
Money Mkt. Cheque Acc.	12.01	9.00	13.40	Mth
Lombard North Central PLC — 17 Bruton St, W1A 3DH. 01-409 3434				
14-Day Notice	12.875	9.63	13.748	—
M & G/Kleinwort Benson — 91-99 New London Rd, Chelmsford. 0245 51651				
H.I.C.A.	12.26	9.16	13.00	Daily
Midland Bank plc — PO Box 2, Sheffield. 0742 20999 Ext 8738				
High Int Chq	12.04	9.00	13.49	Qtr
Provincial Trust (formerly Choularton) — 30 Ashley Rd, Altrincham, Cheshire, WA1 2DW 061-928 9011				
Cheque Acc.	12.25	9.90	15.10	Mth
Save & Prosper/Robert Fleming — 28 Western Rd, Romford RM1 3LB. 0708 66966				
U.I.B.A.	12.04	9.00		Daily
Tyndall & Co — 29-33 Princess Victoria St, Bristol. 0272 732241				

[illegible]

NOTES

[illegible]

COMMODITIES AND AGRICULTURE

London tea price decline accelerates

By Our Commodities Staff

THE QUICKENING decline in tea prices at the weekly London auction moved into top gear yesterday with prices for medium grade offerings averaging 160p a kilo, down 30p from last week's sale, and low medium 115p, down 25p. There was again no quality grade tea on offer.

This was the 12th successive decline since the medium grade reached its 1985 peak of 300p a kg on January 21.

Weak demand for the 38,196 packages yesterday was attributed to the continuing poor quality of the samples on offer and the high level of blender stocks, dealers said.

Biggest falls were for Assam and African teas, which were 20p to 40p a kg down. Better Bangladesh teas were 10p to 15p lower. The few Ceylons offered lacked support and were mainly unsold, as was a significant proportion of the offerings in general.

The slide in London auction prices is reported to have prompted the Indian Government to cut minimum export prices for the second time this year, writes P. C. Mahanti in Calcutta.

According to local press reports quoting "industry sources" the minimum for North Indian tea is coming down to Rs 26 a kg and that for the South Indian to Rs 24. Both were previously at Rs 31 a kg.

Originally the minimum for this season was set at Rs 33, but it was lowered following the decline in prices at the London auction, which is regarded as the international barometer for the world tea market.

The industry has been asking for a temporary suspension of the minimum export price system as the world tea price trend continues to soften.

A delegation recently went to Delhi to impress upon the Commerce Ministry that it had become difficult to push exports at a minimum price which was completely out of line with the world trend. The second lowering of the minimum is believed to be in response to the representation.

Grant system to improve environment planned

BY ANDREW GOWERS

THE GOVERNMENT is planning to table legislation this autumn which would enable it to set up a system of grants specifically designed to encourage farmers to care for the environment.

The proposed scheme, the latest in a series of moves by the Ministry of Agriculture to assuage growing public concern about damage inflicted on the countryside by farmers, follows the EEC's agreement last month on a policy on agricultural structures.

This sets a broad framework for national and Community aids for investment on farms. But, at Britain's insistence, it includes for the first time a provision for national aids to encourage conservation in tandem with farming.

The UK Government's aim, outlined in a discussion document published yesterday, is to designate a series of "environmentally sensitive areas," in which special payments could be made to encourage farmers to "maintain farming methods sympathetic to the environment."

Details of the legislation will be decided following comments from farming organisations and conservation groups. The Ministry is running one experimental scheme of this type in the Norfolk Broads, in which farmers are paid grants of £50 per acre per year to keep livestock on their land rather than drain it for arable cultivation.

Yesterday's discussion document also indicates that the Government may direct additional national grant aid towards such items of conservational interest as hedges, dry-stone walls and shelterbelts of trees.

The Government has been signalling for some time its intention to redirect grant aid to the care of the countryside where possible. When the agricultural capital grant budget was cut by the Treasury last autumn, it dropped aid for environmentally-damaging purposes such as land drainage.

The latest move comes as the Agriculture Ministry is embroiled in a drawn-out demarcation dispute with the Environment Department over countryside issues, and the Government is under increasing pressure to make a detailed statement on the future of the UK farming industry, with particular regard to the environment.

Agriculture Ministry officials say the Government is considering issuing a White Paper on the subject, but that no decision has been made. There are indications that the DoE is considerably keener on this idea than the Agriculture Ministry.

Mr William Waldegrave, Environment Minister, raised eyebrows earlier this month at a farmers' conference, in which he spoke of the need for farm support policies which benefited the whole countryside and not just farming.

Malaysia defends tin decision

BY WONG SULONG IN KAULA LUMPUR

THE MALAYSIAN Government has defended the decision to allow tin prices to fall below the "floor" level of the International Tin Agreement price range.

Datuk Paul Leong, Primary Industries Minister, said the move to give the buffer stock of the International Tin Council greater flexibility by operating below the "floor" level was a properly considered course whose sole purpose was to allow prices on the Kuala Lumpur tin market and the London Metal Exchange to revert to normal differentials.

He pointed out that normally LME tin commanded a premium over Kuala Lumpur because it included the cost of transportation from Malaysia to Europe.

However, because of support buying by the buffer stock and the strong Malaysian dollar against sterling, tin has been selling in Kuala Lumpur at a considerable premium, reaching £800 at one stage.

LONDON METAL EXCHANGE WAREHOUSE STOCKS
(Changes during week ending April 26)

Aluminium	−2,575	to 106,075
Copper	−3,500	to 87,200
Lead	−2,375	to 41,725
Nickel	+162	to 4,680
Tin	+155	to 21,175
Zinc	−775	to 38,875
		(tonnes)
Silver	−930,000	to 52,176,000
		(ounces)

This has led to the buffer stock being the only buyer of tin in Kuala Lumpur and being forced to sell these purchases at a big loss in London.

Datuk Leong added that "to allow the prevailing market situation to continue would have been unwise as it would severely erode the resources of the buffer stock and perpetuate differences in earnings and cost to producers and consumers respectively."

Malaysian miners say they can tolerate a small percentage fall below the "floor," but warn that a substantial drop would mean widespread mine closures.

Our Commodities Editor writes: The Straits tin price in Kuala Lumpur fell again over the weekend, declining by 35 cents to M$28.10 a kg, the lowest level for seven years. There was a low turnover of 70 tonnes, but it is anticipated that there may be a build-up in supplies offered later this week at the start of the new monthly export quotas.

On the London Metal Exchange yesterday there was no sign of any support buying by the buffer stock. As a result the market was marked down in quiet trading conditions reflecting the rise in the value of sterling. Standard grade cash tin closed £190 down at £9,335.

The rise in sterling brought a generally easier trend for base metals. Copper lost ground, inspite of the surprise decline in warehouse stocks.

New copper contract to be studied

By Our Commodities Editor

A WORKING party is to be set up by the London Metal Exchange to investigate plans for a possible new copper contract. This was decided yesterday at a meeting between Mr Jacques Lion, chairman of the LME board, and Mr Ted Jordan, chairman of the committee. The meeting followed the decision by the LME board last week to reject committee proposals to introduce a high grade cathode contract.

Pressure for a new contract to reflect more closely the price of high grade cathodes has been building up for some time with both consumers and producers claiming that the existing higher grade contract allowing wirebars to be delivered as well as cathodes does not provide a true market price.

However, this is not a unanimous view. It is also feared that if a third copper contract were introduced it would spread trading activity too thin and leave the markets more vulnerable to manipulation by controlling available supplies. An alternative suggestion is to have a single contract with a series of fixed premiums and discounts.

The working party will be made up of three board members and three committee members. It will put forward recommendations to a joint meeting of the board and committee. No dates have been fixed, but it is hoped a decision will be reached in time for the negotiations of the 1986 supply contracts.

● BRITAIN is increasing the guaranteed price of wool for the 1985 clip by 9p to 129p per kg, Mr Michael Jopling, Agriculture Minister, announced yesterday.

He said the increase was possible because British wool prices had been stronger.

● INDIA'S white sugar output rose to 5.51m tonnes in the first half of the 1984-85 crop year, which ends on September 30, from 5.25m in the year ago, Mr Rao Birendra, Food Minister, said. He added that it was difficult to estimate the likely shortfall in total production.

Honey prospects not all sweet

BY A CORRESPONDENT

AS THE £15m British honey market, 90 per cent of which depends on imports, starts to receive this seasons' crops, it is tasting both the bitter and the sweet.

Part of the sweetness is that consumption, long static, has in recent years begun to move upwards at an annual rate of between 3 and 5 per cent, though the 1984 figure of about 20,600 tonnes slipped from the 1983 record of 22,000.

Quality has also improved as exporters respond to the needs of more discerning consumers.

Allegations last year that some blenders were mixing English honey with cheaply-produced high-fructose syrup and inferior imports and selling the result as home-produced helped focus attention on abuses against which action is being taken.

The growth of health-consciousness has also helped, stimulating demand for food that is natural and encouraging consumers to seek out the best, and thus most profitable types.

Connoisseurs are finding that the choice of honeys, imports of which come from more than 30 countries, has been widening, while some of the more exotic lines, such as Greek hymettus, which the bees make from a diet of wild thyme, are cheaper than a few years ago.

Once priced with top English honeys way above the rest, this Greek variety, though slight in volume, costs little more than Hungarian sunflower and somewhat less than French lavender, yet still more than double the average price.

As deliveries to warehouses begin, however, there are grounds for concern. Among them is the threat to supplies from South and Central, and possibly soon North America posed by the "killer bees."

Introduced originally from Africa to Brazil for crossing with local bees to impart vigour, the bad-tempered Apis Andonfenii escaped from domesticity and went wild in the jungle, killing its indigenous cousins or breeding ferocity into them and putting many beekeepers out of business. From these the cross known as the Brazilian Bee spread to Mexico and, it is feared, may reach Texas this year.

Until recently South American sources accounted for about a third of Britain's honey imports. But Argentina's 10 per cent disappeared with the Falklands War and now Mexico's 25 per cent or so is threatened.

A shortfall could invite more from Australia and China, the other large suppliers, but the Australian industry, which is mainly part-time, has low stocks and could not suddenly produce a lot more, while China's contribution has been unpredictable since it began exporting seriously a few years ago.

China is nevertheless establishing itself as a source of the light amber honey that is the trade's mainstay, and some of its specialty lines, such as lichi honey, are being enthusiastically received.

China's problem is that its methods of harvesting and handling have been backward, and it has embarked on a campaign to adopt Western techniques. A group of British exports will visit China to take part in a seminar later this year.

Non-European suppliers have been fortunate that immunity from the EEC tariffs, of 25 and 27½ per cent according to whether the producer is "developing," as in the case of China and Mexico, or otherwise, as in Australia's case, is not more widespread.

This situation could begin to end when Spain joins the Community. With Europe's richest flora to draw on, including a wealth of orange blossom, the Spanish honey industry has quality and the potential for quantity. Duty-free entry into this and other markets it enjoys proximity with could make things tougher for some suppliers.

Optimists might argue that there is room for all. If the British could be persuaded to east as much honey per head as West Germans, the market would be three times its present size.

EEC grain trade forecasts smaller crop

BY ANDREW GOWERS

THE EUROPEAN cereals trade has provided a grain of comfort for beleaguered EEC market managers in its preliminary forecast of this year's harvest.

In an initial estimate submitted to the European Commission, the grain traders' association, Coceral, forecasts a total cereals crop of 129.6m tonnes this year, compared with last year's record harvest of 150m tonnes.

Production of both soft wheat and barley, the crops which contributed most to the surplus currently filling EEC silos, are expected to fall. This largely appears to reflect an expectation of lower yields following this season's less clement weather, as the area sown to the crops in the Community is almost unchanged.

Coceral officials cautioned at the weekend that much could change between now and harvest time. But if the forecast is proved right, the lower harvest may lead to a marginal easing of pressure on the EEC grain market.

The figures are not necessarily good news for the already-overstretched Community budget. The cost of suport for cereals, the third most expensive agricultural item in the budget after milk and beef, could still rocket if the dollar falls again.

This is because international trade in grain is denominated in dollars, and any fall in the U.S. currency would force the Community to pay larger export subsidies in order to bridge the gap between its prices and those prevailing on the world markets.

The Commission will still have to contend with the legacy of last year's harvest, in the form of large grain stocks at the beginning of the next marketing year in August.

Morover, with the International Wheat Council forecasting world wheat production this year equal to the 1984 record, export opportunities are likely to remain limited.

The Commission's latest estimate for wheat exports this season is 16.3m tonnes, including 3.35m in the form of flour and at least 1.5m as food aid.

LONDON MARKETS

LONDON COCOA futures values were under pressure yesterday from the pound's rally against the dollar and selling of the prompt May position ahead of the start of its liquidation tomorrow. The July quotation closed £12.50 down at £1,880.50 a tonne.

Coffee prices were relatively steady with the July position ending 50p up at £2,166.50 a tonne. Prices had been due to open higher reflecting New York's rise on Friday night, but this was counteracted by currency considerations.

The London daily sugar price was marked down $1 to $94.50 in the morning. Its lowest level since December. But on the futures market values firmed a little on the dollar's weakness.

MAIN PRICE CHANGES

In tonnes unless otherwise stated

METALS	Apr. 29 1985	+ or −	Month ago
Aluminium	£1100	......	£1100
Free Mkt	$1156/176	......	$1110/140
Copper			
Cash h Grade	£1253.0	−9.0	£1146.5
3 mths	£1211.25	−12.5	£1170
Gold troy oz	$323.5	+1.75	$397
Lead Cash	£313.5	−1.5	£293
3 mths	£307.8	−1.5	£302.25
Nickel			
Free Mkt	243/275c	......	257/267c
Palladium oz	$112.25	......	$114.75
Platinum oz	$275.75	......	$280.50
Quicksilver†	$280/290	......	$285/295
Silver troy oz	507.90p	−12.95	533.30p
3 mths	523.10p	−13.50	542.90p
Tin cash	£9335	−190	£9632.5
3 mths	£9307.5	−240	£9546
Tungsten	$77.76	......	$76.70
Wolfram 22.04lb	$72/74	......	$75/78
Zinc	£709	−12.5	£756.5
3 mths	£706.5	−5.5	£715.75
Producers	$960	......	$930/940

OILS	Apr. 29 1985	+ or −	Month ago
Coconut (Phil)	$765w	−15.0	$860
Palm Malayan	$700y	+35.5	$640
SEEDS			
Copra Phil	$460x	......	$615
Soyabean (U.S.)	$250.25	−1.25	$262.5
GRAINS			
Barley Fut. Sep	£98.55	......	£98.45
Maize	£151.00	......	£152.00
Wheat Fut. July	£185.80	+0.25	£123.65
No. 2 Hard Wint.	‡	......	‡
OTHERS			
Cocoa Ft. July	£1880.5	−12.5	£2032.5
Coffee Ft. July	£2166.5	+0.5	£2208
Cotton A Index	86.65c	−0.05	87.55c
Gas Oil May	$225.25	−0.75	$234.75
Rubber (kilo)	66p	......	56p
Sugar (raw)	$94.50wz	−1.00	$110.5
Wooltops 64s	475p	−5.0	505pkil

‡ Unquoted. w April-May. x May-June. z June. y May. † Per 76-lb flask. c Cents a pound.

INDICES

FINANCIAL TIMES

April 26	April 25	M'th ago	Year ago
297.71	298.83	296.22	307.12

(Base: July 1 1952 = 100)

REUTERS

Apr. 29	Apr. 26	M'th ago	Year ago
1895.5	1904.5	1969.8	2001.2

(Base: September 18 1931 = 100)

MOODY'S

Apr. 25	Apr. 22	M'th ago	Year ago
—	947.8	964.5	—

(Base: December 31 1931 = 100)

DOW JONES

Dow Jones	Apr. 25	Apr. 26	Month ago	Year ago
Spot	—	113.3	—	—
Fut.	122.73	123.67	—	—

(Base: December 31 1974 = 100)

OIL

For most grades, buyers numbers were notional as few end users were there to buy. Both WTI and Brent prices softened in thin trade and by 1 pm EST Nymex was trading 24c down. In the petroleum products market gasoil continued the week long downward trend with no end user demand and good supplies from Russia, Romania and Algeria—Petroleum Argus, London.

SPOT PRICES

	Latest	Change + or −
CRUDE OIL—FOB ($ per barrel)—May		
Arab Light	27.30-27.40*	—
Arab Heavy	26.20-26.25*	−0.025
Dubai	26.25-26.35*	—
Brent Blend	27.12-27.20	−0.175
W.T.I. (1pm est)	27.70-27.75	−0.15
Forcados (Nigeria)	27.70-27.85	—
Urals (cif Med)	27.00-27.50	−0.75
PRODUCTS—North West Europe Prompt delivery cif ($ per tonne)		
Premium gasoline	284-286	+9
Gas Oil	224-226	−3.5
Heavy fuel oil	150-151	—

* June

Petroleum Argus estimates

GAS OIL FUTURES

Month	Yest'day's Close	+ or −	Business Done
	$ U.S. per tonne		
April	227.25	−5.75	230.50-27.00
May	225.25	−0.75	225.75-24.75
June	219.75	−1.00	220.75-19.00
July	218.00	−0.25	212.50-17.00
Aug	210.75	−1.25	220.50-18.75
Sep	222.00	−1.50	225.25-22.00
Oct	223.75	−1.25	—

Turnover: 1,174 (1,324) lots of 100 tonnes.

COPPER

COPPER	a.m. Official	+ or −	p.m. Unofficial	+ or −†
High Grde	£	£	£	£
Cash	1261-3	−22	1262-4	−2
3 months	1211.5-2	−27.2	1211-0.5	−10.5
Settlem't	1263	−22	—	—
Cathodes				
Cash	1205-7	−31.5	1198-200	−18.5
3 months	1203-5	−27.5	1200-8	−20.5
Settlem't	1257	−31	—	—

Amalgamated Metal Trading reported that in the morning cash higher grade traded at £1258, 60, 62, three months £1212, 11, 12, 11.5, 16, 11, 11.5, 12, 11. Three months £1208. Kerb: Higher Grade Three months £1216, 11, 12. Afternoon: Higher Grade: Three months £1212, 13, 12, 12.5, 12, 12.8, 12, 11.5. Kerb: Higher Grade: Three months £1213, 12, 11, 10, 11. Turnover: 25,025 tonnes. U.S. Producers: 68.50-74 cents per pound.

TIN

TIN	a.m. Official	+ or −	p.m. Unofficial	+ or −†
High Grde	£	£	£	£
Cash	9335-45	−215	9335-45	−125
3 months	9315-25	−230	9325-35	−198
Settlem't	9345	−215	—	—
Standard				
Cash	9330-45	−207	9335-40	−190
3 months	9295-300	−242	9305-10	−204
Settlem't	2340	−265	—	—
Straits E.	$28.10		—	—

Tin—Morning: Standard: Cash £9295, 300, three months £9350, 40, 30, 10, 280, 80, 90, 70, 9300. Kerb: Standard: Cash £9330, three months £9280, 50, 9300. Afternoon: Standard: Three months £9310, 20, 30, 20, 10, 5. Kerb: Standard: Three months £9300, 9290, 9300, 15. Turnover: 1,830 tonnes.

LEAD

LEAD	a.m. Official	+ or −	p.m. Unofficial	+ or −†
	£	£	£	£
Cash	313-4	−3.7	313-4	−1
3 months	306-.5	−3.5	307-8	−1
Settlem't	314	−3.5	—	—

Lead—Morning: Three months £308, 9, 8. Kerb: Three months £307. Afternoon: Three months £307.5, 8. Kerb: Three months £307, 6. Turnover: 11,225 tonnes. U.S. Spot: 20-21 cents per pound.

ZINC

ZINC	a.m. Official	+ or −	p.m. Unofficial	+ or −†
	£	£	£	£
Cash	713-5	−12.5	708-10	−10.5
3 months	707-8	−15	707-8	−6
Settlem't	715	−12	—	—

Zinc—High Grade Official/Unofficial prices: Cash am 738-40, pm 725-30. Three months am 734-6; pm 728-32; Settlement 740. Morning: Three months £709, 9.5. Kerb: Three months £706. Afternoon: Three months £709. High Grade: Cash £730. Kerb: Three months £706, 9, 8, 7.5, 7. Turnover: 12,600 tonnes. U.S. Prime Western: 46.50-47.75 cents per pound.

ALUMINIUM

Alumin'm	a.m. Official	+ or −	p.m. Unofficial	+ or −†
	£	£	£	£
Spot	916-1	−23	916-.5	−12.8
3 months	925-.5	−19.9	926-6	−8

Aluminium—Morning: Cash £916, three months £931, 30, 29, 28.5, 28, 26, 25, 26, 25.5. Kerb: Three months £923, 22, 22.5. Afternoon: Three months £925, 25.5, 26, 25, 24, 24.5, 25, 24.5. Kerb: Three months £4460, 55. After-15,025 tonnes.

GOLD

Gold rose $2 to $323¼-$323¾ on the London bullion market yesterday. It opened at $322½-$323, and was fixed at $323 in the morning and $322½ in the afternoon. Trading was generally dull with the metal touching a high of $323½-$324 and a low of $322-$322½. Gold was unable to take direction from the currency market, where the dollar traded erratically, ahead of today's data on U.S. leading indicators and trade figures. The sacking of miners at two of South Africa's largest mines had little immediate impact on the market.

GOLD BULLION (fine ounce) Apr. 29

Close	$323¼-323¾	(£263-263½)
Opening	$322½-323	(£265½-266)
M'n'g fix	$323.00	(£262.562)
Aft'n'n fix	$322.50	(£262.516)

GOLD AND PLATINUM COINS

Kr'g'r'nd	$333-333½	(£270¾-271¼)
½ Krug.	$171¾-172¼	(£132¾-140)
¼ Krug.	$87½-88	(£71¼-71½)
1/10 Krug.	$35¾-36¼	(£29-29½)
Mapleleaf	$333¼-333¾	(£271-271¼)
New Sov.	$76½-77	(£69¼-69½)
½ New Sov	$46½-47	(£37¾-38¼)
Old Sov.	$77½-79	(£63-64¼)
$20 Eagle	$440-480	(£357¾-390¼)
Noble Plat	$286-291½	(£234-237½)

SILVER

Silver was fixed 12.95p an ounce lower for spot delivery in the London bullion market yesterday at 507.9p. U.S. cent equivalents of the fixing levels were: spot 624.2c, up 0.2c; three-month 637c, up 0.65c; six-month 651.65c, up 1.05c; and 12-month 683.2c, up 2.9c. The metal opened at 512½-515½p (623-626c) and closed at 510-513p (627-630c).

SILVER per troy oz	Bullion fixing price	+ or −	L.M.E. p.m. Unoffic'l	+ or −
Spot	507.90p	−12.95	509.5p	−2.75
3 months	523.10p	−13.5	525.0p	−2.50
6 months	538.70p	−13.5	—	—
12 months	567.70p	−13.5	—	—

LME—Turnover: 98 (132) lots of 10,000 oz.

Morning: large 1st ring cash untraded, three months 525.5, small untraded; 2nd ring large cash 506, three months 523.3, small untraded. Kerb: untraded. Afternoon: large 1st ring untraded; 2nd ring untraded. Kerb: untraded.

NICKEL

NICKEL	a.m. Official	+ or −	p.m. Unofficial	+ or −†
	£	£	£	£
Spot	4480-5	−138	4495-505	−70
3 months	4460-70	−107	4475-80	−41.5

Nickel—Morning: Cash £4480, 95. Kerb: Three months £4460, 33. Afternoon: Cash £4485, three months £4470, 80. Kerb: Three months £4430, 80, 70. Turnover: 858 tonnes.

COCOA

Futures opened £16 lower this morning and held close to these levels through an uninspired day to end on a quiet note. Although some light consumer offtake was reported physicals were generally neglected and mirrored the sentiment shown in futures, reports Gill and Duffus.

COCOA	Yesterday's Close	+ or −	Business Done
	£ per tonne		
May	1864-1865	−23.0	1875-1864
July	1880-1881	−12.5	1890-1878
Sept.	1859-1853	−5.5	1858-1850
Dec.	1799-1800	−3.0	1803-1795
Mar.	1798-1800	−1.5	1808-1795
May	1800-1815	−5.0	—
July	1805-1825	−15.0	—

Sales: 2298 (2449) lots of 10 tonnes.

ICCO indicator prices (U.S. cents per pound), daily price for April 26: 97.47 (97.68); five-day average for April 29: 98.95 (100.08).

COFFEE

After a slightly easier opening prices drifted lower against a steadier pound, reports Edmsel Denham Lambert. Losses of £25-30 were registered before a minor retracement in sterling and a firmer New York market encouraged a recovery in moderate volume.

COFFEE	Yesterd'ys Close	+ or −	Business Done
May	2116-18	−9.0	2126-98
July	2166-67	+0.5	2168-41
Sept.	2207-10	−4.0	2212-78
Nov.	2227-30	−17.0	2239-14
Jan.	2245-47	−10.0	2255-26
March	2220-35	−12.5	2224-10
May	2210-35	+9.5	—

Sales: 2,609 (3,871) lots of 5 tonnes.

ICO indicator prices (U.S. cents per pound) for April 26: Comp. daily 1979 132.33 (132.50): 15-day average 131.53 (131.58).

COTTON

LIVERPOOL—Spot and shipment sales amounted to 87 tonnes. Few contracts of note were secured but useful demand was encountered chiefly in American styles.

GRAINS

Old crop wheat market improved in the trading to reach 50p up on stronger physical trade. New crops were extremely quiet and the market drifted on lack of interest, reports Muirpace.

WHEAT Mnth	Yesterd'ys close	+ or −	BARLEY Yesterdys close	+ or −
May	120.40	+5.50	116.25	+0.30
July	123.80	+0.25	—	—
Sept.	98.45	−0.15	98.55	......
Nov	102.55	−0.15	102.00	......
Jan	106.15	−0.15	105.40	......
Mar	109.45	−0.15	108.85	......

LONDON GRAINS—Wheat: U.S. dark northern spring No. 1 15 per cent April-May 157, June 154, July 154.50, August 150, Sept 149.50 sellers transhipment east coast. U.S. No. 2 soft red winter May 144.25, June 138, July 134.25, August 135, Sept 136.50 sellers. English feed fob May 124.50, June 125.50, Sept 101, Oct-Dec 105.50 sellers east coast. Maize: U.S. No. 3 yellow/French transhipment east coast May 180.50. Barley: English feed fob May 118.50, July-August 93.50 sellers Scotland. Rest unquoted.

HGCA—Locational ex-farm spot prices. Feed Wheat Eastern 120.00, E Mids 120.00. Feed Barley Eastern 112.90, E Mids 113.70, N East 114.70, Scotland 113.10. The UK monetary coefficient for the week beginning Monday May 8 (based on HGCA calculations using four days' exchange rates) is expected to change to 1.000.

PIGMEAT

PIGMEAT 1 — — — — —

Prices steadied towards the close after an unchanged opening due to slightly steadier physicals and light fresh buying, reports CCST Commodities.

Month	Yesterdays close	Previous close	Business done
	p. per kilo (deadweight)		
June	103.80	103.50	105.90-103.60
Aug.	102.20	99.90	100.00-99.90
Oct	106.10	106.00	106.60-105.90
Nov	106.20	106.30	121.80
Feb.	98.40	98.80	98.90-98.50
April	99.90	99.50	100.00-99.40

Sales: 24 (55) lots of 50 carcases.

POTATOES

April opened immediately higher, and strongly to close up on day. Sentiment in nervous thin trade moved up rubbed off on May which also attracted short covering interest.

Month	Yesterday's close	Previous close	Business Done
	£ per tonne		
April	38.00	40.60	32.00-42.0
May	54.20	50.80	54.20-51.8
Nov	69.30	70.00	70.00-69.4
Feb	77.30	78.00	78.00
Apr	92.80	94.00	94.00-92.70

Sales: 456 (163) lots of 40 tonnes.

RUBBER

Slightly easier, generally inactive throughout the day and closed quiet, reports Lewis and Peat. Closing prices (buyers) spot 66.00p (same), June 69.00 (65.25p); July 69.50p (60.75p). The Kuala Lumpur fob price for RSS No 1 was 192.25 (193.0) cents a kg and for SMR 20 was 167.5 (169.5).

SOYABEAN MEAL

The market opened 70p easier on strong sterling, reports T. G. Roddick. Prices remained on the defensive as Commission House selling eased the market to close on lows.

	Yesterday close	+ or −	Business Done
	£ per tonne		
June	125.5-125.7	−2.00	126.0
August	124.4-124.8	−1.65	125
October	128.5-122.8	−1.85	137.5-127.5
Dec.	130.5-131.0	−2.25	151.5
Feb.	135.5-136.5	−2.20	—
Apr.	136.5-138.8	−2.50	—
June	137.0-138.5	−1.75	—

Sales: 664 (638) lots of 20 tonnes.

SUGAR

LONDON DAILY PRICE—Raw sugar $94.50 (£77.00), down $1.00 (down £2.50) a tonne for April/May/June delivery. White sugar $131.00, down 50c.

No. 6 Contract	Yest'day's close	Previous close	Business done
	$ per tonne		
May	97.4-98.0	97.4-98.1	121.8-97.0
Aug	105.2-105.5	105.4-105.5	108.2-105.3
Oct	109.8-110.0	109.8-110.4	110.4-108.4
Dec	115.4-115.8	116.0-117.0	115.5
Mar	126.8-127.2	127.8-128.0	128.2-125.8
May	131.8-132.8	132.4-133.6	—
Aug	135.0-136.0	136.8-138.0	137.6

Sales: 1892 (3636) lots of 50 tonnes.

Tate and Lyle delivery price for granulated basis sugar was £184.50 (£187.00) a tonne for export.

International Sugar Agreement—(U.S. cents per pound fob and stowed Caribbean ports). Prices for April 26: Daily price 3.07 (3.11); 15-day average 3.39 (3.43).

U.S. MARKETS

Precious metals were slightly higher in response to a better tone in the currencies, finding support on minor breaks below the previous close, reports Heinold Commodities. Copper advanced moderately on active arbitrage support and Commission House shortcovering. Aluminium traded about unchanged in backwater trading in a very narrow trading range. Heating oil traded lower on indications that imports would be increasing spot supplies and on unwinding of spreads against gasoline and crude oil. Sugar continued to drift off on relentless selling by the trade and locals. The market psychology has turned decidely negative in view of its inability to hold any rally. Cocoa lost ground as origin selling was only partially offset by arbitrage activity. Coffee moved higher on trading off a stronger British pound with local and professional traders providing market liquidity. Tight cash markets in maize led to firmer futures as commercial buying provided steady support. Cotton gained momentum on shortcovering following recent sharp declines. Another new influence in the market have been weather adversaries indicating dry conditions in the southeast. Wheat opened firm and advanced further during the day on commercial support but finished lower for the day on local selling. The soyabean market was mixed with old crop months under pressure on erratic oil market.

NEW YORK

ALUMINIUM 40,000 lb, cents/lb

	Close	High	Low	Prev
May	48.35	48.55	48.35	48.40
June	48.00	—	—	48.85
July	49.25	48.45	49.20	49.25
Sept	50.05	50.15	50.10	50.00
Dec	51.25	51.30	51.30	51.20
Jan	51.65	—	—	51.60
March	52.45	—	—	52.40
May	53.25	—	—	53.20
July	54.05	—	—	54.00
Sept	54.85	—	—	54.80

COCOA 10 tonnes, $/tonnes

	Close	High	Low	Prev
May	2406	2409	2380	2407
July	2150	2158	2141	2141
Sept	2089	2090	2078	2068
Dec	2050	2055	2036	2029
March	2048	2040	2035	2027
May	2048	—	—	2036
July	2048	—	—	2035

COFFEE "C" 37,000 lb, cents/lb

	Close	High	Low	Prev
May	146.99	46.99	44.70	45.92
July	147.61	47.75	45.05	46.48
Sept	147.26	47.25	45.05	46.40
Dec	146.01	46.40	44.50	45.40
March	145.50	45.50	43.50	45.40
May	145.00	45.00	45.00	44.40
July	143.86	—	—	43.38

COPPER 25,000 lb, cents/lb

	Close	High	Low	Prev
May	62.95	63.30	62.70	62.68
June	63.45	—	—	63.20
July	63.95	64.30	63.55	63.55
Sept	64.50	64.80	64.35	64.10
Dec	64.90	65.20	64.70	64.40
Jan	65.00	—	—	64.55
March	65.20	65.40	65.30	64.80
May	65.45	65.45	65.25	65.00
July	65.65	65.85	65.70	65.20
Sept	65.00	65.86	65.70	65.45

COTTON 50,000 lb, cents/lb

	Close	High	Low	Prev
May	66.28	66.90	65.40	65.15
July	65.25	65.24	64.65	64.45
Oct	64.80	64.95	64.60	64.42
Dec	64.91	65.08	64.70	64.68
March	65.95	66.15	65.95	65.90
May	66.57	—	—	66.68
July	67.50	67.45	67.45	67.40

GOLD 100 troy oz, $/troy oz

	Close	High	Low	Prev
May	325.1	325.2	325.3	323.0
June	327.2	327.9	324.3	325.2
August	331.5	332.0	328.4	328.5
Oct	336.0	336.5	333.9	334.0
Dec	341.1	341.5	336.5	338.9
Feb	346.5	347.5	345.5	344.2
June	358.1	—	—	355.8
August	364.2	364.5	364.5	361.5
Oct	370.4	—	—	367.7
Dec	377.2	—	—	374.4
Feb	384.2	—	—	381.2

ORANGE JUICE 15,000 lb, cents/lb

	Close	High	Low	Prev
May	157.20	57.85	56.80	57.50
Sept	154.30	56.60	54.00	54.90
Nov	152.70	52.40	51.50	52.90
Jan	152.70	52.00	52.00	52.90
March	152.80	—	—	53.00
May	152.80	—	—	53.00
July	152.80	—	—	53.00

PLATINUM 50 troy oz, $/troy oz

	Close	High	Low	Prev
May	288.5	—	—	276.2
June	286.5	—	—	280.7
July	288.5	289.4	282.0	282.7
Oct	293.3	294.0	288.5	287.3
Jan	299.5	299.0	294.1	298.1
April	305.1	304.5	301.0	299.5

SILVER 5,000 troy oz, cents/troy oz

	Close	High	Low	Prev
May	636.3	638.5	625.0	631.0
June	640.0	636.0	631.0	635.5
July	644.0	646.0	633.5	639.2
Sept	653.3	656.0	644.0	648.5
Dec	668.4	671.0	658.0	663.4
Jan	673.9	669.0	605.0	668.5
March	684.4	686.5	677.5	679.3
May	695.5	696.0	688.0	690.4
July	707.5	704.0	704.0	702.2
Sept	720.3	720.0	720.5	714.7

SUGAR WORLD "11" 112,000 lb, cents/lb

	Close	High	Low	Prev
May	3.15	3.29	3.13	3.25
July	3.47	3.51	3.45	3.44
Sept	3.66	3.70	3.64	3.68
Oct	3.75	3.64	3.76	3.77
Jan	4.15	4.17	4.15	4.15
March	4.61	4.67	4.58	4.64
May	4.82	4.87	4.80	4.86
July	5.01	5.07	5.00	5.00

CHICAGO

LIVE CATTLE 40,000 lb, cents/lb

	Close	High	Low	Prev
June	63.85	64.00	63.05	63.05
August	64.77	64.85	64.35	64.27
Oct	64.60	64.60	64.17	64.25
Feb	65.05	65.05	64.80	64.80
April	66.20	66.20	65.96	66.00

LIVE HOGS 30,000 lb, cents/lb

	Close	High	Low	Prev
June	46.85	47.05	46.60	46.65
July	49.77	49.95	49.30	48.42
August	50.57	50.60	49.92	48.95
Oct	47.42	47.62	47.20	47.18
Dec	48.70	48.75	48.45	48.35
Feb	49.37	49.45	48.90	48.95
April	46.45	46.45	45.85	45.85
June	48.40	48.47	48.40	48.37
July	49.00	46.00	46.00	48.49

MAIZE 5,000 bu min, cents/56lb-bushel

	Close	High	Low	Prev
May	284.6	286.0	284.0	284.2
July	281.5	283.0	280.5	281.2
Sept	271.4	272.0	270.0	270.4
Dec	266.4	266.4	264.4	264.6
March	273.5	274.5	273.5	273.0
May	279.5	279.6	277.6	279.0
July	281.4	281.4	280.0	281.0

PORK BELLIES 38,000 lb, cents/lb

	Close	High	Low	Prev
May	66.30	66.32	64.60	64.32
July	67.87	67.87	65.75	65.57
August	66.65	66.65	64.60	64.65
Feb	73.80	73.80	71.80	72.05
March	73.32	73.32	71.50	71.40
May	73.70	73.70	73.70	72.65
July	74.60	74.80	73.00	72.85

SOYABEANS 5,000 bu min: cents/60 lb-bushel

	Close	High	Low	Prev
May	592.5	596.0	592.0	595.6
July	601.2	606.2	600.2	604.2
August	614.5	609.5	603.4	606.4
Sept	606.0	610.0	603.4	605.4
Nov	615.2	618.6	611.0	613.4
Jan	628.4	629.4	622.6	624.4
March	638.0	640.0	632.0	635.4
May	645.4	647.4	639.0	643.0
July	651.4	—	—	649.0

SOYABEAN MEAL 100 tons; $/ton

	Close	High	Low	Prev
May	121.4	123.3	121.3	123.0
July	127.5	129.5	127.4	129.2
August	130.5	132.5	130.3	132.2
Sept	133.0	135.5	133.0	134.5
Oct	136.2	137.7	136.0	137.7
Dec	141.4	143.0	141.3	743.0
Jan	143.5	145.8	143.5	145.3
March	149.2	151.0	149.2	150.5
May	154.5	154.5	154.5	156.8
July	159.0	—	—	160.5

SOYABEAN OIL 60,000 lb; cents/lb

	Close	High	Low	Prev
May	32.57	33.15	32.65	32.98
July	31.73	32.05	31.40	31.67
August	30.92	31.20	30.55	30.80
Sept	30.23	30.50	29.75	30.05
Oct	29.35	29.70	29.00	29.15
Dec	28.58	23.90	28.20	28.40
Jan	28.30	28.67	27.95	29.15
March	28.10	28.20	28.00	27.00
May	27.33	—	—	27.65

WHEAT 5,000 bu min: cents/60lb-bushel

	Close	High	Low	Prev
May	347.4	351.4	346.2	348.0
July	327.5	329.0	326.0	325.0
Sept	326.6	327.4	324.6	324.4
Dec	336.5	337.4	334.2	334.0
March	341.0	341.0	340.0	338.4
May	37.4	—	—	335.0

OTHER MARKETS

PARIS

SUGAR—(FFr per 100 kg): Aug 1284/1290, Oct 1308/1310, Dec 1350/1360, Mar 1428/1435, May 1475/1480, Aug 1538/1540. Sales: 20.

MEAT

SMITHFIELD—Pence per pound. Beef—Scotch killed sides 76.0-81.0; English hindquarters 96.0-102.0; forequarters 46.0 to 51.0. Veal—Dutch hinds and ends 125.0-129.0. Lamb—English small 120.0-126.0; medium 120.0-126.0; heavy 118.0-120.0; Imported: New Zealand PL (new season) 67.0-68.0, PX (new season) 65.5-66.3. Fat Sheep—English 92.0-100.0. Pork—English under 100 lb 48.5-57.0; 100-120 lb 50.5-55.0; 120-160 lb 40.0-46.0.

MEAT COMMISSION—Average fatstock prices at representative markets. GB—Cattle 95.67p per kg lw (+1.26). GB—Sheep 244.59p per kg est dcw (−1.75). GB—Pigs 80.59p per kg lw (+2.30).

WOOL FUTURES

SYDNEY GREASY WOOL—Close (in order: buyer, seller, business). Australian cents per kg. May 636.0, 638.0, 638.0; July 645.0, 650.0, 648.0; Oct 632.0, 633.0, 635.0-633.0; Dec 634.0, 635.0, 635.5-635.0; March 642.0, 644.0, 643.0-641.0; May 646.0, 648.0, 648.0; July 651.0, 657.0, Nil; Oct 630.0, 645.0, Nil. Sales: 45.

LONDON NEW ZEALAND CROSSBREDS—Close (in order: buyer, seller, business). New Zealand cents per kg. May 511, 512, 512-511; August 529, 530, 530-529; Oct 534, 535, 535; Dec 534, 537, 536; Jan 535, 538, 537; March 544, 547, 546-545; May 549, 552, nil; August 564, 566, 565; Oct 564, 568, 567. Sales: 37.

ROTTERDAM

WHEAT—(U.S. $ per tonne): U.S. two soft red winter: May 159, June 154, July 148, Aug 146.50, Sept 148, sellers. U.S. two northern spring 14 per cent protein: April/May 176.50, June 171, July 168.50, Aug 167, Sept 164, sellers.

MAIZE—(U.S. $ per tonne): U.S. three yellow, May 138, June 135, July 135, Aug 135, Sept 134.50, July/Sept 134.75, sellers. Argentine Plate, Afloat 136, May 135.50, June 135, sellers.

SOYAMEAL—(U.S. $ per tonne): cif Rotterdam 44 per cent Afloat 155-156, April 152.50, May 148 sellers, June-Sept 148.50. Pellets Brazil Afloat 173-159, May 156.50, June 150, June-Sept 151, sellers.

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Fears over data hit dollar

The dollar finished slightly above its weakest levels, after a day of see-saw movements. It opened little changed from Friday's levels, but soon fell to a low of DM 3.1050, where the currency was reported to have met technical resistance. It then began to recover, but fell back again after failing to break through DM 3.13 in early New York trading.

Some European centres will close early today, ahead of the May Day holiday, but there was little evidence of dealers worrying about being short of dollars during this period. If anything there was a reluctance to be long of the currency on fears that today's U.S. economic data will prove disappointing.

A rise to 8⅜ per cent from 7⅞ per cent in the New York Federal funds rate provided some support for the dollar towards the London close.

It fell yesterday to DM 3.1110 from DM 3.1315; FFr 9.49 from FFr 9.55; SwFr 2.6115 from SwFr 2.6125; and Y252.65 from Y252.80.

STERLING — Trading range against the dollar in 1985 is 1.2940 to 1.0525. March average 1.1260. Exchange rate index rose to 77.6 from 77.0. After opening at 77.0 the index rose steadily to a peak of 77.8 at 2 pm, before easing back slightly.

Sterling recorded useful gains against all major currencies, but dealers suggested it remains vulnerable to any weakening of oil prices. The pound rose 1.45 cents to $1.2295-1.2305, and also improved to DM 3.83 from DM 3.81; FFr 11.70 from FFr 11.6350; SwFr 3.2150 from SwFr 3.1750; and Y311 from Y307.25.

D-MARK — Trading range against the dollar in 1985 is 3.4510 to 2.9730. March average 3.2972. Exchange rate index 121.4 against 121.1 six months ago.

The D-mark gained ground against the dollar in nervous Frankfurt trading, but tended to slip down after a strong start. The tone was set by doubts about today's figure on U.S. leading indicators, following some disappointing economic data recently, pointing to a slow down in U.S. growth. A very large trade deficit for March is also anticipated in the region of $12bn. but following a long period of similar figures is unlikely to have much impact. It contrasts sharply however with the West German March trade surplus of DM 6.4bn. ($2.06bn), but this was in line with expectations, and had little effect. The dollar fell to DM 3.1250 at the Frankfurt close from DM 3.1345. The Bundesbank did not intervene earlier, when it was fixed at DM 3.1148 compared with DM 3.1527 on Friday.

STERLING INDEX

	April 29	Previous
8.30 am	77.5	76.3
9.00 am	77.2	76.3
10.00 am	77.5	76.4
11.00 am	77.6	76.3
Noon	77.6	76.2
1.00 pm	77.7	76.4
2.00 pm	77.8	76.4
3.00 pm	77.6	76.0
4.00 pm	77.6	76.0

UK clearing banks base lending rate 12¾-12⅞ per cent since April 19

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu April 29	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	44.9008	45.0279	+0.28	+0.35	±1.5471
Danish Krone	0.14104	8.07815	−0.77	−0.69	±1.6419
German D-Mark	2.24184	2.23595	−0.26	−0.18	±1.1473
French Franc	6.87456	6.82279	−0.75	−0.67	±1.3689
Dutch Guilder	2.52595	2.53048	+0.18	+0.26	±1.5177
Irish Punt	0.72589	0.715515	−1.40	−1.32	±1.6673
Italian Lira	1403.49	1427.06	+1.88	+1.96	±4.0410

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

£ IN NEW YORK

	April 29	prev. close
£ Spot	$1.2370-1.2380	$1.2140-1.211
1 month	0.48-0.46pm	0.45-0.43pm
3 months	1.20-1.16pm	1.21-1.17pm
12 months	2.60-2.45pm	2.76-2.68pm

Forward premiums and discounts apply to the U.S. dollar.

POUND SPOT—FORWARD AGAINST POUND

April 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
U.S.	1.2075-1.2345	1.2295-1.2305	0.48-0.45c pm	4.54	1.20-1.15pm	3.82
Canada	1.6610-1.6890	1.6800-1.6850	0.53-0.34c pm	3.10	1.17-0.93pm	2.50
Nethlnd.	4.29½-4.34½	4.32-4.33	2⅛-1¾c pm	6.72	6⅛-5⅞pm	5.43
Belgium	76.47-77.35	76.95-77.05	28-14c pm	3.27	64-48pm	2.86
Denmark	13.71¼-13.90½	13.89½-13.90½	4¾-3¼ore pm	3.45	10¾-9 pm	2.84
Ireland	1.2180-1.2285	1.2230-1.2240	0.13p pm-0.03 dis	0.49	0.16pm-.27d	−0.18
W. Ger.	3.79½-3.84	3.82½-3.83½	2⅛-2pf pm	7.25	6⅛-5⅞pm	2.53
Portugal	213.3-218.6	214.5-218.5	125-510c dis	[illegible]	460-1460dis	−17.74
Spain	213.12-214.70	214¼-214½	10c pm-30 dis	−0.56	45-100dis	−1.35
Italy	2,422-2,454½	2,442-2,443	4lire pm-par	0.98	par-6dis	−0.49
Norway	10.90-11.05¾	11.03½-11.04½	par-1¼ore dis	0.88	¼-1¾dis	−0.36
France	11.57¾-11.71¼	11.69½-11.70½	2¾-1¾c pm	2.31	6⅛-4⅞pm	1.90
Sweden	11.01½-11.10½	11.09½-11.10½	¼-1¾ore dis	−1.03	2¾-4¼dis	−1.28
Japan	305¾-311¼	310½-311½	2¾-1⅞y pm	7.23	5⅞-4¾pm	6.11
Austria	26.70-26.95	26.79-26.89	14¾-12¾gro pm	6.04	37½-33½pm	5.34
Switz.	3.18½-3.22¾	3.21-3.22	2⅛-1¾c pm	7.70	6⅛-5⅞pm	7.15

Belgian rate is for convertible francs. Financial franc 77.60-77.80. Six-month forward dollar 1.93-1.88c pm. 12-month 2.55-2.45c pm.

DOLLAR SPOT—FORWARD AGAINST DOLLAR

April 29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.2075-1.2345	1.2295-1.2305	0.48-0.45c pm	4.54	1.20-1.15pm	3.82
Ireland†	0.9965-1.0065	1.0040-1.0050	0.40-0.30c pm	4.17	1.15-0.95pm	3.97
Canada	1.3658-1.3693	1.3675-1.3685	0.15-0.18c dis	−1.45	0.43-0.48dis	−1.33
Nethlnd.	3.5120-3.5520	3.5160-3.5170	0.42-0.38c pm	1.40	1.45-1.41pm	1.63
Belgium	62.50-63.35	62.60-62.70	6-7c dis	−1.24	15-17dis	−1.01
Denmark	11.22½-11.33½	11.23¾-11.24¼	¾-1¼ore dis	−1.07	2¾-3dis	−0.98
W. Ger.	3.1050-3.1475	3.1105-3.1115	0.72-0.67pf pm	2.68	2.15-2.10pm	2.73
Portugal	176-178	176-177½	175-475c dis	−22.03	550-1350dis	−21.47
Spain	174.05-175.50	174.90-175.10	67-75c dis	−4.88	225-255dis	−5.50
Italy	1,984-2,007	1,986½-1,987½	7-7½lire dis	−4.38	22-22½dis	−4.50
Norway	8.96½-9.06	8.96¾-8.97¼	3½-4ore dis	−6.91	9-9½dis	−4.12
France	9.47¼-9.58½	9.48¾-9.49¼	1.85-1.75c dis	−2.15	4.35-4.65dis	−1.90
Sweden	9.00½-9.08	9.04¾-9.04¼	4-4½ore dis	−5.86	11¼-11¾dis	−5.10
Japan	251.90-253.00	252.60-252.70	0.51-0.48y pm	2.36	1.51-1.46pm	2.36
Austria	21.82½-22.10½	21.94-21.97	3-2½gro pm	1.51	9¾-7¾pm	1.81
Switz.	2.6040-2.6380	2.6110-2.6120	0.79-0.73c pm	3.49	2.25-2.20pm	0.41

† UK and Ireland are quoted in U.S. currency. Forward premiums and discounts apply to the U.S. dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 63.00-63.10.

OTHER CURRENCIES

Apr. 29	£	$		£ Note Rates
Argentina Peso	538.94-539.88	430.42-439.82	Austria	26.70-27.00
Australia Dollar	1.8709-1.8765	1.5245-1.5250	Belgium	76.70-77.60
Brazil Cruzeiro	6,047-6,076	4,030-4,050	Denmark	13.71-13.85
Finland Markka	7.2610-7.9910	6.5090-6.5110	France	11.57-11.68
Greek Drachma	164.49-166.04	135.18-138.01	Germany	3.79½-3.85½
HongKong Dollar	9.5290-9.5390	7.7790-7.7810	Italy	2425-2460
Iran Rial	117.50*	96.30*	Japan	307-311
Kuwait Dinar (KD)	0.3715-0.3725	0.30275-0.30285	Netherlands	4.29½-4.33½
Luxembourg Fr	76.95-77.05	62.60-62.70	Norway	10.94-11.05
Malaysia Dollar	3.0390-3.0450	2.4810-2.4840	Portugal	216-220
New Zealand Dlr.	2.7075-2.7105	2.1930-2.2000	Spain	207-216
Saudi Arab Riyal	4.4335-4.4380	3.6105-3.6110	Sweden	11.00-11.11
Singapore Dollar	2.7230-2.7290	2.2230-2.2260	Switzerland	3.18½-3.21½
Sth African Rand	2.3830-2.3930	1.9495-1.9530	United States	1.21¾-1.23¾
U.A.E. Dirham	4.5090-4.5145	3.6720-3.6730	Yugoslavia	295-330

* Selling rate.

CURRENCY MOVEMENTS

Apr. 29	Bank of England Index	Morgan Guaranty Change %
Sterling	77.5	−11.9
U.S. dollar	147.3	+32.2
Canadian dollar	88.3	−5.5
Austrian schilling	111.8	+5.5
Belgian franc	89.1	−10.8
Danish Kroner	76.6	−5.2
Deutsche mark	121.4	+6.7
Swiss franc	139.0	+7.2
Guilder	111.7	+3.6
French franc	64.7	−15.5
Lira	46.2	−17.1
Yen	164.8	+11.3

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (base average 1975=100).

CURRENCY RATES

April 26	Bank rate %	Special Drawing Rights	European Currency Unit
Sterling	—	0.803956	0.582850
U.S. $	8	0.987606	0.718377
Canadian $	10.02	*	0.98202
Austria Sch.	4½	21.6163	16.7057
Belgian Fr.	11	61.9557	45.0270
Danish Kr	7	11.1087	8.07815
D mark	4½	3.07635	2.23595
Guilder	5½	3.46346	2.53048
French Fr.	9½	9.38718	6.82279
Lira	15½	1966.42	1427.06
Yen	5	N/A	181.103
Norway Kr.	8	8.86150	6.44851
Span'h Pta.	—	172.148	125.177
Swedish K.	9	8.03779	6.48228
Swiss Fr.	4	2.58124	1.87712
Greek Dr'ch	20½	N/A	107.9508
Irish Punt	12¾	0.983721	0.715515

*C$/SDR rate for April 26: 1.34134.

EXCHANGE CROSS RATES

April 29	Pound St'rling	U.S. Dollar	Deutschem'k	J'panese Yen	French Franc	Swiss Franc	Dutch Guild	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.	1.230	3.830	311.0	11.70	3.212	4.325	2443.	1.683	77.00
U.S. Dollar	0.813	1.	3.111	252.7	9.490	2.612	3.517	1987.	1.368	62.55
Deutschemark	0.261	0.321	1.	81.20	3.055	0.839	1.129	637.7	0.430	20.10
Japanese Yen 1,000	3.215	3.955	12.32	1000.	37.62	10.34	13.91	7854.	5.410	247.6
French Franc 10	0.855	1.051	3.274	265.8	10.	2.748	3.697	2088.	1.438	65.81
Swiss Franc	0.311	0.383	1.191	96.73	3.639	1.	1.345	759.7	0.523	23.95
Dutch Guilder	0.231	0.284	0.886	71.91	2.705	0.743	1.	564.7	0.389	17.80
Italian Lira 1000	0.409	0.504	1.568	127.3	4.790	1.316	1.771	1000.	0.689	31.53
Canadian Dollar	0.594	0.731	2.276	184.8	6.954	1.911	2.571	1452.	1.	45.77
Belgian Franc 100	1.299	1.597	4.974	403.9	15.19	4.175	5.617	3172.	2.185	100.

EURO-CURRENCY INTEREST RATES (Market closing rates)

Apr. 29	Sterling	U.S. Dollar	Canadian Dollar	Dutch Guilder	Swiss Franc	D-mark	French Franc	Italian Lira	Belgian Franc Conv.	Belgian Franc Fin.	Yen	Danish Krone
Short-term	12⅞-10	8¼-8⅜	8⅞-9⅜	7⅛-7⅛	1⅝-1⅞	5⅛-5⅜	10¼-10⅜	1-3	9-9¼	9⅛-9⅜	6⅛-6⅜	9½-10
7 day's notice	12¾-13	8⅛-8⅜	9⅜-9⅝	7-7⅛	2⅛-2⅜	5¾-5⅞	10¼-10⅜	11⅞-12⅞	9⅜-9⅝	9⅛-9⅜	6⅛-6⅜	8¾-9¼
Month	12¾-12⅞	8⅛-8⅜	9⅛-9⅜	6⅞-7	4⅞-5⅛	5¾-5⅞	10⅛-10⅜	12⅛-12⅝	9¼-9⅜	9⅜-9⅝	6⅛-6¼	9 9½
Three months	12⅝-12¾	8⅞-8⅞	9⅝-9⅞	6⅞-7	5⅛-5⅜	5⅞-5⅞	10⅜-10½	12⅞-13¼	9½-9¾	9⅝-9⅞	5¼-5⅝	9⅝-9⅞
Six months	12⅜-12½	9-9⅛	10⅛-10⅜	7-7⅛	5⅛-5⅜	5⅞-6¼	10⅝-10⅞	13¾-14⅛	9⅝-9⅞	9⅝-9⅞	6⅛-6⅜	9¾-10¼
One year	12⅞-12⅞	9⅛ 9⅜	10⅛-10⅞	7-7⅛	5⅛-5⅜	5⅞-6¼	10⅞-11	14¼-14¾	10-10¼	10-10¼	6⅜-6⅞	10¼-10¾

Asian $ (closing rates in Singapore): Short-term 8⅛-8¼ per cent; seven days 8⅛-8¼ per cent; one month 8⅜-8½ per cent; three months 8½-8⅝ per cent; six months 8[illegible] per cent; one year 9[illegible] per cent. Long-term Eurodollars: two years 10½-10⅝ per cent; three years 10⅞-11 per cent; four years 11⅛-11¼ per cent; five years 11¼-11½ per cent nominal. Short-term rates are call for U.S. dollars and Japanese yen; others two days' notice.

MONEY MARKETS

UK rates ease slightly on firmer pound

Interest rates were a little easier in places yesterday as the market reacted to sterling's firmer trend. However, the latter failed to establish a clear change in sentiment as trading was thin ahead of the end of the month and May Day holidays in much of Europe. Three-month interbank finished at 12⅝-12¾ per cent compared with 12¹¹⁄₁₆-12¹³⁄₁₆ per cent, while three-month eligible bank bills stayed close in line with official intervention rates at 12⁵⁄₁₆ per cent bid, compared with 12 per cent. Overnight interbank money opened at 12¾-13 per cent and touched a high of 14 per cent before coming back to 12⅞ per cent.

NO 21—7½/8

The Bank of England forecast a shortage of around £1,450m with factors affecting the market including maturing assistance and a take up of Treasury bills together draining £1,123m and the unwinding of previous sale and repurchase agreements a further £916m. These were partly offset by Exchequer transactions which added £150m and a fall in the note circulation of £340m. In addition banks brought forward balances £60m above target.

To help alleviate the shortage, the Bank offered an early round of assistance which totalled £252m and comprised purchases of £78m of eligible bank bills in band 1 (up to 14 days) at 12⅞ per cent and £21m in band 2 (15-33 days) at 12¾ per cent. In band 3 (34-63 days) it bought £85m at 12⅝ per cent and £68m in band 4 (64-91 days) at 12 per cent. Further help in the morning came to £561m and comprised purchases of £60m of eligible bank bills in band 1 at 12⅞ per cent, £36m in band 2 at 12¾ per cent and £6m in band 3 at 12⅝ per cent. It also arranged sale and repurchase agreements on £459m of bills at 12¾ per cent, unwinding on May 28.

The forecast was revised to a shortage of £1,500m and the Bank gave further help of £553m. This comprised purchases of £34m of eligible bank bills in band 1 at 12⅞ per cent and in band 2 £25m of eligible bank bills and £37m of Treasury bills all at 12¾ per cent. In band 3 it bought £101m of eligible bank bills at 12⅝ per cent and £12m in band 4 at 12 per cent. Further sale and repurchase agreements were arranged on £344m of bills at 12¾ per cent, unwinding in equal amounts on May 16 and 28. Late assistance came to £70m, making a total of £1,436m.

UK clearing banks base lending rate 12¾-12⅞ per cent since April 19

MONEY RATES

April 29	Frankfurt	Paris	Zurich	Amst'dam	Tokyo	Milan	Brussels	Dublin
Overnight	5.75-5.90	10¼	1⅜-1⅝	7⅛-7¼	6.03125	15¼-15⅝	0.30	10¾-13
One month	5.70-5.85	10⅛-10¼	5-5⅛	6⅞-7⅛	6.21875	14¾-15⅛	9⅛-9¼	12⅞-13⅛
Two months	5.75-5.90	10⅛-10¼	—	—	—	—	—	12⅞-13⅛
Three months	5.85-6.00	10⅛-10¼	5⅛-5¼	6⅞-7⅛	6.28125	15-15⅛	9⅝-9⅞	12¾-1⅞
Six months	5.95-6.10	10⅜-10½	—	7-7⅛	—	—	9⅝-9⅞	10⅝-12⅞
Lombard	6.0	—	—	—	—	—	—	—
Intervention	—	10⅛	—	5⅞	—	—	—	—

LONDON MONEY RATES — Discount Houses Deposit and Bill Rates

Apr. 29 1985	Sterling Certificate of deposit	Interbank	Local Authority deposits	Company Deposits	Market Deposits	Treasury (Buy)	Treasury (Sell)	Eligible Bank (Buy)	Eligible Bank (Sell)	Fine Trade (Buy)
Overnight	—	12¾-14	12¾-12⅞	12⅞-10	12⅛-12¾	—	—	—	—	—
2 days notice	—	—	12⅞-13	—	—	—	—	—	—	—
7 days or	—	—	—	—	—	—	—	—	—	—
7 days notice	—	12¾-10	12⅞-13	13	10¾	—	—	—	—	—
One month	12⅞-12¾	12¾-10⅞	12⅞	13	12⅛	12⁷⁄₁₆	12⁷⁄₁₆	12⅞	12¼	13⅜
Two months	12¾-12⅝	12¹¹⁄₁₆-10¹¹⁄₁₆	12¾	13	12⅛	12⁷⁄₁₆	12⁷⁄₁₆	10⅞	12⅛	12⅞
Three months	12⅛-12⅜	12⅝-12¹¹⁄₁₆	12⅝	10⅞	11⅞	12	11⅞	12⁷⁄₁₆	10	12¾
Six months	12⁷⁄₁₆-10	12⅜-12⅜	12⅛	—	—	—	—	11⅛	11⅞	12⅛
Nine months	12-11⅞	12⅛-10⅛	—	—	—	—	—	—	—	—
One year	11¹¹⁄₁₆-11¹¹⁄₁₆	12⁷⁄₁₆-12¼	12⁷⁄₁₆	—	—	—	—	—	—	—

	Local Auth. negotiable bonds	Local Authority Deposits	Finance House Deposits	$ Cert of Deposits	SDR Linked Deposits	ECU Linked Deposits
One month	10¼-13⅛	—	12¾	8.2-8.3	8⅛-8⅜	9⅜ 9⅛
Two months	13⅛-12¾	—	12¾	8.3-8.4	8⅜-8⅞	9⅜-9⅛
Three months	13⅛-13	—	12¾	8.4-8.6	8¼-8½	9⅜-9⅞
Six months	13-12⅞	—	12⅞	8.7-8.8	8⅛-8¾	9⅝-9⅞
Nine months	12⅝-12⅝	—	12¼	9.1-9.2	—	—
One year	12¾-12⅝	—	10¼	9.45-9.55	8⅞ 9⅛	9⅞-10
Two years	—	11⅜	—	—	—	—
Three years	—	11⅝	—	—	—	—
Four years	—	11⅛	—	—	—	—
Five years	—	11½	—	—	—	—

ECGD Fixed Rate Export Finance IV: Average Rate of Interest period March 2 to April 2 (inclusive): 12.616 per cent. Local authorities and finance houses seven days' notice, others seven days' fixed. Finance Houses Base Rate (published by the Finance Houses Association): 14 per cent from April 1, 1985. London and Scottish Clearing Bank Rates for lending 12½-12¾ per cent. Bank Deposit Rates for sums at seven days' notice 5.85-7.25 per cent (net). Treasury Bills: Average tender rates of discount 11.9039 per cent. Certificates of Tax Deposit (Series 6): Deposits £100,000 and over held under one month 13 per cent; one-three months 12½ per cent; three-six months 12 per cent; six months 11¾ per cent; nine-12 months 11½ per cent. Under £100,000 11 per cent from April 22. Deposits held under Series 5 11½ per cent. The rate for all deposits withdrawn for cash 8 per cent.

MONEY RATES

NEW YORK (Lunchtime)

Prime rate	10½
Broker loan rate	9.00
Fed funds	8⁷⁄₁₆
Fed funds at intervention	8⅜

Treasury Bills

One-month	7.25
Two-month	7.50
Three-month	7.81
Six-month	7.99
One-year	8.33

Treasury Bonds

Two-year	99²⁹⁄₃₂
Three-year	100¹⁄₃₂
Four-year	101¹¹⁄₃₂
Five-year	101¹²⁄₃₂
Seven-year	102⅛
10-year	99¹⁄₃₂
30-year	98

FT LONDON INTERBANK FIXING

(11.00 a.m. April 29)

Three months U.S. dollars	
bid 8 1/2	offer 8 5/8

Six months U.S. dollars	
bid 8 7/8	offer 9

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 am each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

FINANCIAL FUTURES

Eurodollars nervous

Euro-dollar prices retreated from the day's best levels in the London International Financial Futures Exchange yesterday as selling developed during the afternoon. Prices opened slightly firmer however in line with a trend in the U.S. on Friday but a slightly higher than expected Federal funds rate and fears over today's announcement of the latest Federal refunding package led to a sell off which sometimes reached aggressive proportions in the afternoon.

U.S. bond contracts acted in much the same way although closing levels reflected a small recovery from the day's lows. In addition there was a good deal of nervousness ahead of today's leading economic indicators figure. The latter was expected to shed further light on the pace of the U.S. growth.

Gilt prices were marked up as the fortunes of sterling-based contracts followed the performance of the pound against the dollar. However values slipped away during the afternoon despite sterling's firmer trend. The market appeared to remain unconvinced over sterling's better performance, suggesting that trading had been relatively thin and affected by month-end considerations and the proximity of May Day holidays.

LONDON

THREE-MONTH EURODOLLAR $1m points of 100%

	Close	High	Low	Prev
June	90.98	91.05	90.82	90.87
Sept	90.22	90.36	90.17	90.26
Dec	89.89	89.84	89.62	89.75
March	89.25	89.36	89.23	89.34
June	88.90	88.88	88.88	88.99

Est volume 4,463 (3,254)
Previous day's open int 16,320 (16,235)

THREE-MONTH STERLING £500,000 points of 100%

	Close	High	Low	Prev
June	87.73	87.84	87.65	87.88
Sept	88.52	88.60	88.46	88.51
Dec	88.74	88.85	88.71	88.75
March	89.82	88.95	88.80	88.85
June	88.85	88.90	88.87	88.90

Est volume 1,929 (3,418)
Previous day's open int 6,854 (7,101)

20-YEAR 12% NOTIONAL GILT £50,000 32nds of 100%

	Close	High	Low	Prev
June	106-19	107-02	106-18	106-20
Sept	110-02	110-14	110-08	110-03
Dec	110-04	—	—	110-05
March	109-24	—	—	109-25

Est volume 3,647 (2,712)
Previous day's open int 3,363 (3,667)
Basis quote (clean cash price of 13¾% Treasury 2003 less equivalent price of near futures contract) −24 to −12 (32nds)

STERLING £25,000 $ per £

	Close	High	Low	Prev
June	1.2220	1.2275	1.2110	1.2090
Sept	1.2125	1.2145	1.2014	1.1980
Dec	1.2075	—	—	1.1820

Est volume 997 (987)
Previous day's open int 8,812 (8,010)

DEUTSCHE MARKS DM 125,000 $ per DM

	Close	High	Low	Prev
June	0.3216	0.3226	0.3206	0.3202
Sept	0.3240	—	—	0.3225

Est volume 48 (37)
Previous day's open int 255 (278)

SWISS FRANCS SwFr 125,000 $ per SwFr

	Close	High	Low	Prev
June	0.3836	—	—	0.3840

Est volume nil (11)
Previous day's open int 147 (158)

JAPANESE YEN Y12.5m $ per Y100

	Close	High	Low	Prev
June	0.3963	0.3970	0.3970	0.3972
Sept	0.3989	—	—	0.3996

Est volume 1 (24)
Previous day's open int 157 (158)

FT-SE 100 INDEX £25 per full index point

	Close	High	Low	Prev
June	128.90	129.10	128.50	128.85
Sept	129.55	—	—	129.45

Est volume 101 (210)
Previous day's open int 1,116 (1,087)

U.S. TREASURY BONDS 8% $100,000 32nds of 100%

	Close	High	Low	Prev
June	70-18	70-31	70-11	70-22
Sept	69-17	69-24	69-09	69-21

Est volume 1,017 (598)
Previous day's open int 3,125 (3,168)

CHICAGO

U.S. TREASURY BONDS (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	70-16	70-21	70-11	71-00
Sept	69-17	69-22	69-11	70-00
Dec	68-22	68-26	68-12	69-04
March	67-29	67-31	67-25	68-11
June	67-07	67-10	67-03	67-21
Sept	66-20	66-20	66-20	67-02
Dec	66-02	66-02	66-00	66-17
March	65-10	65-19	65-18	66-02
June	—	—	—	65-20
Sept	—	—	—	—
Dec	—	—	—	64-28

U.S. TREASURY BILLS (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	91.96	91.98	91.90	92.03
Sept	91.41	91.48	91.37	91.51
Dec	90.95	90.98	90.91	91.06
March	90.58	90.59	90.56	90.70
June	—	90.35	90.27	90.42
Sept	—	90.02	90.02	90.17
Dec	89.83	—	89.83	89.94
March	89.83	—	89.63	89.74

CERT DEPOSIT (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	91.32	91.36	91.28	91.46
Sept	90.59	90.64	90.56	90.75
Dec	—	90.09	90.00	90.24
March	89.58	89.58	89.53	89.82

THREE-MONTH EURODOLLAR (IMM) $1m points of 100%

	Latest	High	Low	Prev
June	90.95	90.98	90.81	91.08
Sept	90.19	90.25	90.13	90.38
Dec	89.64	89.71	89.60	89.86
March	—	89.27	89.14	89.43
June	88.94	88.93	88.78	89.07
Sept	88.54	88.56	88.46	88.76
Dec	88.25	88.36	88.21	88.48
March	87.98	88.05	87.96	88.22

STERLING (IMM) $s per £

	Latest	High	Low	Prev
June	1.2240	1.2270	1.2170	1.2080
Sept	1.2156	1.2190	1.2080	1.1990
Dec	1.2140	1.2180	1.2070	1.1945
March	—	—	—	1.2285
June	1.2100	1.2100	1.1905	1.1910
Sept	—	—	—	1.2505

GNMA (CBT) 8% $100,000 32nds of 100%

	Latest	High	Low	Prev
June	69-26	69-27	69-19	69-27
Sept	69-04	69-04	69-00	69-05
Dec	—	—	—	68-17
March	—	—	—	—
June	67-14	67-14	67-04	67-15
Sept	—	—	—	67-01

£ WORLD VALUE OF THE POUND

The table below gives the latest available rate of exchange for the pound against various currencies on April 29, 1985. In some cases rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

Abbreviations: (A) approximate rate, no direct quotation available; (F) free rate; (P) based on U.S. dollar parities and going sterling-dollar rates; (T) tourist rate; (Bas) basic rate; (bg) buying rate; (Bk) bankers' rates; (cm) commercial rate; (ch) convertible rate; (fn) financial rate; (exC) exchange certificate rate; (nc) non commercial rate; (nom) nominal; (o) official rate; (sg) selling rate; (c) controlled rate; (u) unified rate.

COUNTRY	CURRENCY	VALUE OF £ STERLING
Afghanistan	Afghani	99.00
Albania	Lek	9.9865
Algeria	Dinar	(A) 6.30
Andorra	French Franc	11.70
	Spanish Peseta	214.50
Angola	Kwanza	(CM) 36.9245
Antigua	E. Caribbean $	3.32†
Argentina	New Peso	539.41
Australia	Australian $	1.8745
Austria	Schilling	26.84
Azores	Portuguese Escudo	216.50
Bahamas	Ba. Dollar	1.2300
Bahrain	Dinar	0.4605
Balearic Isles	Spa Peseta	214.50
Bangladesh	Taka	31.85
Barbados	Barbados $	2.4740
Belgium	B. Franc	(cm) 77.00
		(fn) 77.55
Belize	B $	2.46
Benin	C.F.A. Franc	565.0
Bermuda	Bda $	1.2300
Bhutan	Indian Rupee	15.15
Bolivia	Bolivian Peso	(u)56,350.0§
Botswana	Pula	2.1550
Brazil	Cruzeiro‡‡	5,061.50
Brit. Virgin Isles	U.S. $	1.2300
[illegible]		

COUNTRY	CURRENCY	VALUE OF £ STERLING
Peru	Sol	exc(A)10,788.32
Philippines	Philippine Peso	21.35
Pitcairn Islands	£ Sterling	—
	New Zealand $	2.7090
Poland	Zloty	175.55
Portugal	Portuguese Escudo	216.50
Puerto Rico	U.S. $	1.2300
Qatar	Qatari Ryal	4.4452
Reunion Island	French Franc	11.70
Romania	Leu	(Cm) 5.48
		(N/C) 15.31
Rwanda	Rwanda Franc	132.06
St. Christopher	E. Caribbean $	3.32
St. Helena	St Helena £	1.0
St. Lucia	E. Caribbean $	3.32
St. Pierre	Local Franc	11.70
St. Vincent	E. Caribbean $	3.30
Samoa American	U.S. $	1.2300
San Marino	Italian Lira	2,442.50
Sao Tome & Prin.	Dobra	55.20
Saudi Arabia	Saudi Ryal	4.4360
[illegible]		

COUNTRY	CURRENCY	VALUE OF £ STERLING
Greenland	Danish Kroner	13.90
Grenada	E. Caribbean $	3.32
Guadaloupe	Local Franc	11.70
Guam	U.S. $	1.2300
Guatemala	Quetzal	1.2300
Guinea	Syli	30.66
Guinea-Bissau	Peso	181.81
Guyana	Guyanese $	5.0925
Haiti	Gourde	6.15
Honduras	Lempira	2.46
Hong Kong	H.K. $	9.5340
Hungary	Forint	21.58
Iceland	I. Krona	50.9220
India	Ind. Rupee	15.16
Indonesia	Rupiah	1,364.07
Iran	Rial	117.30(sg)
Iraq	Iraqi Dinar	0.3780
Irish Republic	Irish £	1.2235
Israel	Shekel	1,147.0†
Italy	Lira	2,440.50
Ivory Coast	C.F.A. Franc	565.0
Jamaica	Jamaica Dollar	6.52(sg)
Japan	Yen	311.0
[illegible]		

FT INTERNATIONAL BOND SERVICE

The list shows the 200 latest international bond issues for which an adequate secondary market exists. The following are closing prices for April 29.

U.S. DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Amex Credit 12⅜ 88	150	103¼	103¾	+0¼	−0⅜	11.29
Austria Rep 13⅝ 92	100	108¾	109¼	0	+0⅛	11.68
Bank Of Tokyo 12⅜ 92	100	101¾	102¼	−0⅜	−1⅛	12.14
Bank of Tokyo 13⅝ 01	100	106¼	106¾	−0⅜	−1⅝	12.05
BP Capital 11⅛ 92	150	97½	98	−0⅜	−1	11.60
Caisse Nat Tele 13¾ 91	100	107¼	107¾	−0¼	−1	11.94
Canada 11½ 90	500	101½	102	−0⅛	−0¾	11.60
Canadian Pac 12½ 99	75	103⅝	104⅛	+0⅛	−0⅜	12.04
CBS Inc 11⅝ 92	100	97¾	98¼	−0¼	−1	11.76
Chevron U.S.A. 12¼ 89	600	101⅞	102⅜	−0⅛	−1⅜	11.56
Coca Cola 11¾ 91	100	102⅝	103⅛	+0⅛	−0⅜	11.07
Denmark Kindom 11½ 92	100	97¾	98¼	+0⅛	−0⅜	11.55
Denmark Kingdom 13¼ 01	100	104⅜	104⅞	−0⅜	−1⅜	12.13
Denmark 13⅞ 88 XW	100	105⅞	106⅜	+0⅛	−0½	11.48
Denmark Kingdom 14 91	100	107¾	108¼	−0⅛	−0⅜	12.06
E.E.C. 11⅛ 00	100	95¼	95¾	−0⅛	−0⅞	11.52
E.I.B. 11 95	100	†99¾	100¼	−	−	10.99
E.I.B. 13 00	200	104⅜	104⅞	0	−0⅞	12.20
Ex-Im Bk Japan 12¼ 91	75	107⅝	108⅛	0	−0⅞	11.38
Export Dev Corp 12 88	100	102⅝	103⅛	+0⅛	−0⅛	11.11
Exxon Capital Corp 0 2004	1800	11⅞	12⅜	0	−0⅛	11.40
Ford Motor Cred 11⅝ 95	100	96⅛	96⅝	+0⅛	−1⅛	12.26
IBM Credit 10⅜ 2000	300	†97¼	97¾	−0⅜	−1	10.71
IBM Credit Corp 11¾ 87	200	102⅜	102⅞	−0¼	−0⅞	10.40
Indust Bk Japan 12⅞ 89	100	104½	105	0	−0⅞	11.40
Indust Bk Japan 13⅞ 01	125	108⅝	109⅛	+0⅛	+0⅜	11.75
Int-Am Dev Bk 12¾ 91	150	103¾	104¼	+0⅜	−0⅜	11.80
Japan Air Lines 13⅝ 94	100	110⅝	111⅛	−0⅜	−1⅛	11.39
Kellogg Company 10⅞ 90	100	98⅝	99⅛	+0⅛	−0⅝	11.16
Kellogg Company 11¼ 92	100	101¼	101¾	−0¼	−0½	10.90
L.T.C.B. 12⅞ 91	100	103⅝	104⅛	−0⅝	−1⅛	11.94
Macy Cred Corp 11¾ 88	100	98½	99	+0⅛	−0⅝	11.95
Mellon Bank 13 97	100	104⅜	104⅞	−0⅜	−1⅛	10.59
Merrill Lynch 12¾ 89	100	103⅛	103⅝	−0⅝	−1⅜	11.68
Minnesota 11½ 87	100	101½	102	−0⅛	−0½	10.59
Mitsubishi Corp 13¼ 89	100	107⅜	107⅞	0	−0⅜	10.88
Montagu 13¼ 91	100	†*103⅝	104⅛	0	−0⅝	12.29
Morgan Guaranty 12⅜ 89	150	102⅝	103⅛	−0¼	−0⅞	11.48
Nippon Cred Bk 13⅞ 99	100	106¼	106¾	−0½	−1¼	11.82
Nth America 12⅞ 91	100	103¾	104¼	−0½	−1½	11.91
Penney J.C. 12¾ 01	100	103	103½	0	−0⅝	11.96
Pru Realty secs 12⅛ 95	546	101½	102	−0¼	−1	11.79
Quebec Hydro 11½ 92	100	†98⅛	98⅝	+0¼	+0¼	11.80
Ralston Purina 12¾ 89	100	103⅞	104⅜	−0⅛	−0⅞	11.47
Royal Bk Can 12¾ 92 XW	100	†101½	102	0	−0¼	12.32
Saskatchewan 10 3/4 92	100	95⅞	96⅜	0	−1	11.58
Saskatchewan 11 7/8 89	100	102¼	102¾	−0⅞	−0½	11.10
S.N.C.F. 12⅜ 92 XW	100	100⅞	101⅜	+0⅛	−0½	12.11
Statoil 13½ 89	100	107¼	107¾	−0⅛	−1⅛	11.14
S Wales Trsy 11¾ 90	150	100⅜	100⅞	0	−0⅞	11.58
Swed Exp Cred 12¾ 89XW	100	103½	104	−0¼	−0⅞	11.58
Sweden Kingdom 11½ 99	200	100⅛	100⅝	0	−0⅛	11.35
Sweden Kingdom 11¾ 94	100	99⅛	99⅝	−0¼	−1¼	11.93
Texaco Capital 12⅞ 87	300	†103	103½	+0½	−0⅛	11.14
Texaco Capital 13½ 89	200	†107	107½	−0¼	+0½	11.22
Toronto Dom Bk 12½ 89	100	†102	103½	0	−0½	11.54
Walt Disney Pro 12½ 87	150	103¼	103¾	−0⅜	−1⅜	10.71
Weyerhaeuser 12¼ 87	150	102	102½	+0⅜	−0½	11.05
World Bank 12¼ 94	150	102⅜	102⅞	−0⅛	−1¼	11.75
World Bank 12⅛ 94	200	100	100½	−0⅛	−1⅛	11.88

Average price change On day −0⅛ on week −0⅝

DEUTSCHE MARK STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Asian Dev Bank 8 94	200	101½	102¼	−0⅛	0	7.70
Austria Republic 7⅝ 94	200	100¾	101½	+0⅛	0	7.44
Baxter Travenol 7¼ 94	200	99½	100¼	+0¼	+0¼	7.26
Credit National 8⅛ 94	200	103½	104¼	0	−0⅛	7.58
Degussa Int Fin 7½ 94	100	100½	101¼	−0⅛	−0⅛	7.35
E.E.C. 8 02	200	102¼	103	−0¼	+0¼	7.48
Escom 8 92	150	99⅞	100⅝	−0¼	−0⅜	7.90
Ferrovie Dello Stato 8 91	100	102⅛	102⅞	−0⅛	−1¼	7.46
Finland Republic 7 02	200	97⅛	97⅞	0	−0¼	7.30
Gould Int Fin 7⅝ 91	100	100½	101¼	−0⅛	−0⅜	7.44
Ireland 8⅛ 92	150	101⅞	102⅝	−0⅛	−0⅛	7.70
Japan Fin Corp 7⅝ 01	100	101⅞	102⅝	−0¼	−0¼	7.15
Mitsubishi Hvy 3½ 89WW	300	105	105¾	−0⅛	+1¼	2.06
Mitsubishi Hvy 3½ 89XW	300	90¾	91½	0	−0¼	6.11
Mitsubishi Met 2¼ 89WW	100	98	98½	+0¾	−0¾	4.02
Mitsubishi Met 3⅛ 89XW	100	88⅝	89⅜	+0½	0	6.73
O.K.B. 7½ 90	100	100	100¾	0	0	7.35
Pepsico O/S Fin 7¼ 94	250	100	100¾	−0¼	+0¼	7.19
Renown 3⅛ 99	80	97	97¾	+0⅜	+4⅜	3.69
Reynolds O/S Fin 7⅜ 94	125	102⅛	102⅞	−0⅛	−0¼	7.10
Societe Cent Nuclear 8 01	100	101⅝	102⅜	−0¼	−0½	7.57
Sth Africa Rep 8½ 01	200	100¾	101½	+0⅛	−0⅛	8.25
Sth African Tran 7⅝ 92	100	98⅛	98⅞	−0¼	−0⅛	8.25
World Bank 7¾ 89	100	101⅛	101⅞	−0¼	0	7.27
World Bank 8 94	200	100½	101¼	−0¼	−0⅜	7.53

Average price change On day 0 on week 0

SWISS FRANC STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
African Dev Bk 6¼ 94	100	†101½	101¾	−0¼	−0¼	6.02
Asian Dev Bank 6⅛ 96	100	†101	101¼	−0⅛	−1½	5.98
Avon Cap Corp 5⅜ 94	130	†97½	97¾	−0¼	−0¼	5.70
Brit land Comp 6½ 99	75	†103¼	103½	+0¼	+0⅜	6.14
Council of Europe 6 92	120	†101½	101¾	+0½	+0¼	5.72
Creditanstalt 5½ 94	100	†97¼	97½	+0¼	+0¼	5.88
Deutsche Bk Fin 5⅝ 95	100	†99½	99¾	−0¼	+0¼	5.42
E.I.B. 5⅞ 94	120	†100¾	101	0	+0¼	5.75
Eurofima 5 97	100	†98¾	99	−0⅛	−0⅛	5.13
Eurofima 5¼ 96	100	†*100	100¼	0	0	5.25
Export Dev Corp 5⅜ 92	125	†101¼	101½	+2	+2	5.14
First Boston Inc 5¾ 94	60	†100¾	101	0	+0¼	5.62
Gen Occidentale 4½ 94	80	†101¼	101½	0	+0⅛	4.32
I C Industries 5⅝ 94	125	†99½	99¾	0	0	5.67
Ind Fund Fin 5¾ 94	40	†*99¾	100	+0⅛	+0⅛	5.76
Int-Am Dev Bk 6⅛ 94	120	†101	101¼	−0¼	−0¼	5.98
New Zealand Govt 5¾ 94	150	†101	101¼	+0¼	+0½	5.59
N.Zealand steel 5¾ 00	70	†98	98¼	0	0	5.93
Oberos Kfwk 5⅜ 95	100	97¼	97½	−0¼	−0¼	5.73
Ost Donaukraft 5⅜ 95	70	†99	99¼	0	0	5.40
Ralston Purina 5⅜ 94	125	†98¾	99	0	0	5.53
Santos Finance Ltd 6 94	130	†98¾	99	0	0	6.10
Tokyo Elec Pwr 5½ 93	120	†98¾	99	−0¼	−0¼	5.68
Tokyo Metropolis 5¼ 94	80	†96¾	97	−0¼	0	5.66
World Bk 5¾ 94	150	†100	100¼	0	+0¼	5.73

Average price change On day +0⅛ on week +0⅛

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Austria Republic 7 00	30	96⅞	97⅜	−	−	7.42
BP Overzee 7 92	17	99¼	99¾	+0⅜	−0⅜	7.09
Fed Natl Mort 6⅞ 92	50	96⅝	97⅛	+0⅛	−1	7.47
World Bank 6⅝ 90	25	97⅝	98⅛	−	−	7.15
World Bank 6⅝ 94	20	94¾	95¼	+0¼	−0⅞	7.36

Average price change On day +0¼ on week −0⅞

OTHER STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Bell Canada 12¼ 87 C$	125	†99⅛	99⅝	−0¼	−1	12.34
British Columbia 12 00 C$	125	†100⅜	100⅞	0	−0¼	11.82
Can Nat Rail 12½ 88 C$	100	†101⅝	102⅛	+0⅛	−0⅜	12.20
Chrysler Cred 12⅝ 92C$	60	†98⅝	99⅛	0	−0⅛	12.92
Denmark 11⅝ 01 C$	100	†96½	97	0	−0⅜	12.42
Desjardins 12½ 90 C$	50	†99⅜	99⅞	0	−0¼	12.59
E.I.B. 12 95 C$	75	†98⅛	98⅝	−0⅛	−0⅜	12.28
Nippon Kokan 11⅞ 02 C$	70	†99	99½	−0¼	−0¼	12.04
Giro Und Bk 10½ 93 ECU	60	104⅝	105⅛	−0⅛	−0¼	9.62
World BK 10¼ 00 ECU	125	105¼	105¾	0	+0¼	9.72
World Bk 10⅝ 94 ECU	75	105⅝	105⅞	0	−0⅛	9.68
Akzo 7 90 FL	150	98	98½	−0¼	+0⅛	7.44
Algemene Bk 7¾ 89 FL	150	101⅝	101⅞	+0⅛	−0⅛	7.30
Amro Bank 7¼ 89 FL	150	99	99½	+0¼	0	7.43
Dai-ichi 8½ 99 FL	50	102	102½	0	0	7.84
Friesch-Gron 8¼ 89 FL	50	100¾	101¼	0	−0⅛	7.96
Charbonnages 13⅞ 88 FF	400	101¼	102¼	+0⅛	+0⅛	10.58
American Brands 12 95 £	40	104⅞	105⅜	0	−0⅜	11.10
Amer Express 11⅜ 92 £	30	101¾	102¼	−0⅛	−0⅜	10.94
Australia Comm 11 92 £	40	98	98½	−	−	11.37
BP Capital 10¾ 92 £	50	97	98	+0⅜	+0⅛	11.24
E.I.B. 11⅛ 93 £	50	97¾	98¼	0	−0⅜	11.52
Inco 12¾ 93 £	50	99¼	99¾	+0⅛	0	12.82
Mcdonalds 10⅞ 90 £	40	98	98½	+0⅛	−0⅜	11.35
Norsk Hydro 11⅝ 91 £	50	103⅛	103⅝	+0⅛	−0⅜	10.80
Privatbanken 11⅞ 92 £	20	98⅛	98⅝	+0¼	0	12.23
Rank Xerox 11 92 £	40	96⅞	97⅜	−	−	11.62
Royal Trustco 11⅜ 90 £	30	99⅛	99⅝	0	−0⅛	11.60
Ster Drug Cap 10⅞ 00 £	30	98¼	98¾	0	−0¼	11.28
Swed Exp Cred 11⅜ 92 £	50	98⅞	99⅜	0	−0⅛	11.55
Trusthouse Forte 11⅛ 90£	50	97½	98	−0¼	−0½	11.74
World Bank 11¼ 88 £	100	98	98½	0	−0¼	11.95
E.C.S.C. 10½ 94LF	100	102½	103½	0	+0⅜	9.97
Nat Lux Alum 10½ 92 LF	600	102⅜	102⅞	−0⅜	−0¼	9.91

FLOATING RATE NOTES	Spread	Bid	Offer	C.dte	C.cpn	C.yld
B.B.L. Int 5 99	0⅛	100	100½	11/10	9⅝	9.60
BankAmerica O/S 5¼ 00	0⅛	100⅛	100⅝	28/6	8.81	8.78
Bank of Montreal 5 96	0⅛	†100⅜	100⅝	28/4	8½	8.46
Bankers Trust 5 2000	0	99⅝	100⅛	11/6	9.81	9.82
Bankers Trust 5¼ 95	0⅛	100	100½	13/5	9.31	9.29
Barclays O/S Inv 5 2004	0⅛	100⅜	100⅞	4/9	10¼	10.18
Belgium 5 2004	0⅛	†100⅜	100⅞	11/10	9.69	9.63
B.F.C.E. 5¼ 99	0⅛	100⅛	100⅝	13/9	10.06	10.04
B.N.P. 5¼ 96 (July)	0¼	99⅞	100⅜	22/7	9⅛	9.11
Chase Man'tn 5¼ 2009	0⅛	99⅛	100⅜	5/6	9.69	9.69
Citicorp O/S 5¼ 00 Sep	0⅛	99⅞	100⅛	19/12	11.19	11.19
Credit Lyonnais 5¼ 96	0⅛	100½	100¾	11/10	9.69	9.63
Dai-Ichi Kangyo 5¼ 90	0⅛	†100⅜	100⅞	13/5	10.06	10.00
Dresdner Fin 5¼ 89	0	100	100¼	25/5	9⅜	9.36
Ireland 5¼ 00	0	100¼	100½	14/9	10	9.96
Italy, Republic 5 94	0⅛	100	100½	9/5	9.94	9.91
Lloyds Euro 5 2004	0⅛	100	100½	10/10	9⅛	9.10
Midland Int Fin 5 99	0⅛	100⅜	100⅝	6/6	10.44	10.39
Mort Bk Denmark 5¼ 99+	0⅛	†100⅛	100⅜	11/7	9.44	9.41
Nat West-Perp 5 89	0⅜	100⅛	101⅛	13/5	10⅜	10.27
Queensland Coal 5¼ 96	0¼	†100¼	100½	9/5	10.05	10.02
Societe Gen 5¼ 95	0	†99½	100½	12/10	9½	9.50
Sweden Perp 5¼ 89	0¼	100⅛	100⅜	9/7	9.44	9.40
Tokai 5¼ 99	0⅛	†100¾	101¼	12/6	9.94	9.84
Toyo 5¼ 99	0⅛	100⅜	100⅝	14/6	9.81	9.76

Average price change On day 0 on week 0

CONVERTIBLE BONDS	Cnv. date	Cnv. price	Bid	Offer	Chg. day	Prem
Ajinomoto 3 99	4/84	1053.64	81⅜	82⅜	0	−0.19
Fanuc 3¾ 98	1/84	7032.3	187⅜	188⅞	+1⅜	35.76
Fujitsu 3 99	5/84	1320.9	95	96	+0½	17.20
Konishiroku Photo 4 98	10/83	673	94⅞	95⅞	+0⅜	1.06
Kumagai Gumi 3½ 2000	3/85	600	104⅜	105⅜	+2⅜	3.27
Marui 3½ 99	7/84	1162	89¾	90¾	−0⅜	−1.59
Mitsubishi Elec 2¼ 00	3/85	422	95⅛	96⅛	−0⅛	9.20
Murata 3½ 99	2/84	2351.2	113	114	+2¾	22.76
Murata 3½ 2000	7/84	2398	110	111	+2	22.79
Nippon Elec 2⅞ 2000	1/85	1295	98	99	+0⅜	60.65
Nippon Oil Co 3¼ 99	3/84	1052	86¼	87¼	0	13.20
Oki Elec Ind 2½ 99	10/84	805	86⅝	87⅝	0	16.28
Orient Leasing 5¼ 98	6/83	2680	99⅝	100⅞	−0¾	−3.61
Sekisui House 3 99	6/84	612	85¼	86¼	+0⅜	1.95
Sumitomo Corp 2⅞ 99	5/84	593	93¾	94¾	−0⅛	−0.16
Taiyo Yuden 3¼ 2000	3/85	1078	100⅝	101⅝	−1¾	0.20
Takeda Riken 3⅜ 2000	10/84	7663	89½	95½	+1¾	14.62
Tokyo Sanyo Elec 3½ 00	12/84	772	88	89	−1⅛	4.68
Toshiba Ceramics 3 2000	4/85	1734.2	94⅞	95⅞	−0⅛	0.84
Yamanouchi Pharm'cal 4 00	10/83	1483.2	†200	201	+2	−2.14
Nippon Oil Co 2⅛ 92 SF	3/84	1052	†104	106	−0⅛	14.60
Nippon Shinpan Co 2 92 SF	3/84	001	†93¾	95¾	+1⅛	18.82
Seitsu Paper 2¼ 92 SF	4/84	677	†*138	140	0	−4.83
Asics 5 92 DM	12/83	520	102½	103½	0	26.67
Sum Realty 6¼ 88 DM	2/83	365	194¼	195¼	−4⅜	4.20

* No information available-previous day's price.
† Only one market maker supplied a price.

Straight Bonds: The yield to redemption of the mid-price: the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week – Change over price a week earlier.

Floating Rate Notes: Denominated in dollars unless otherwise indicated. Coupon shown is minimum. C. date – Date next coupon becomes effective. Spread – Margin above six-month offered rate (†† three month; § above mean rate) for U.S. dollars. C.cpn. – current coupon. Cn. yld – current yield.

Convertible bonds: Denominated in dollars unless otherwise indicated. Chg. day – Change on day. Cnv. date – First date for conversion into shares. Cnv. price – Nominal amount of bond per share expressed in currency of share at conversion rate fixed at issue. Prem – Percentage premium of the current effective price of acquiring shares via the bond over the most recent price of the shares.

CAPITAL MARKETS

Euro-D-Mark sector heads for record issue level in May

BY MAGGIE URRY IN LONDON

WHILE the Eurodollar bond market saw no primary business yesterday, as prices drifted lower again, the Euro-D-Mark market is getting set for a record level of new issues in May.

BHF Bank bond average		
April 29		Previous
101.773		101.761
High	1985	Low
102.860		98.840

Talk in the Eurobond market again centred on the opening of the Euro-D-Mark bond market to foreign lead managers and to new instruments, mainly floating rate notes and zero coupon issues. The Bundesbank announced that it had been notified of 16 issues to be launched in May with a total value of DM 5.04bn – an amount well in excess of previous monthly issue volumes. The news hit the secondary market which fell by ¼ to ⅜ point.

Early borrowers are expected to be Sweden, rumoured to be raising DM 1.5bn through a floater to be led by Deutsche Bank, while Austria is expected to make a zero coupon bond issue led by Bayerische Vereinsbank.

Meanwhile the World Bank postponed a DM 200m private placement, due to be launched yesterday by Commerzbank. The World Bank's borrowing programme for 1984-85 is nearly complete and its treasurer, Mr Eugene Rotberg, is now expecting 1985-86 borrowings to be considerably smaller than in the current year.

Automobiles Peugeot launched the third Euro-French franc issue since the market reopened, and like the first two, the deal was motoring yesterday. The five-year bonds, with a total value of FFr 500m, pay a 11½ per cent coupon and are issued at par. Book runner on the deal is Société Générale. The issue traded well inside the 1¼ per cent selling concession, at one point offered at 99¾.

Goodyear Tire and Rubber was the first of the new entrants to the Euroyen bond market to come for a second issue. Twice the size of its first at Y25bn, the deal was meeting some resistance as the coupon at 7¼ per cent, with a 10-year maturity, looked too low.

Goodyear's first deal had a 6¼ per cent coupon and 10-year life and is now trading around 95½. So the new issue, thought to be swap driven, had little to offer investors, and traded outside the 2 per cent total fees. Lead manager is Daiwa Europe.

Commonwealth Bank of Australia launched a A$40m five-year issue led by Orion Royal Bank. With a 13¼ per cent coupon and fees of 2 per cent the borrower is funding at a rate below domestic interest rates.

In the U.S. domestic bond market Salomon Brothers is leading the first floating rate note issue denominated in European Currency Units. The issue, for Denmark, raises Ecu 150m and has a 5-year life. It will pay a coupon of around 70 basis points over 91 day Treasury bills calculated on an Ecu basis using the foreign exchange markets.

AFDB plans to tap market for $550m

BY MICHAEL HOLMAN IN ABIDJAN

THE AFRICAN Development Bank (AFDB) plans to borrow up to $550m on international capital markets in 1985, according to senior bank officials.

The bank, based in Abidjan, Ivory Coast, is the largest pan-African development financing institution with 50 independent African member states.

Since the bank's capital was opened up to 23 non-African members in December 1982, AFDB has intensified borrowing to help finance a substantial increase in lending.

Last year, AFDB borrowed a record $738m facilitated by the award of two triple A and one double A credit ratings from U.S. agencies.

Borrowing, however, is being cut this year in line with reduced liquidity needs. Loan disbursements this year are forecast at $200m to $250m, only slightly more than last year's "disappointing" $180m.

Some $200m is to be raised through fixed rate public bond issues.

AFDB recently raised its first Samurai bond worth Y15bn. The terms of the 12-year issue priced at 99.9 and carrying interest of 7.4 per cent were described by bank officials as "very satisfactory".

AFDB also intends to raise its first yankee bond totalling about $100m in the second half of the year. Legal approval has been obtained in 12 key states.

In addition $60m of AFDB bonds, placed mainly with the central banks of member countries, is due to be rolled over and increased by $10m.

AFDB is also seeking to replace another $350m of "senior" debt with "subordinate" debt credit lines. Last year it replaced $250m of mainly Eurocredit lines.

AFDB was the first multilateral development bank successfully to issue subordinated debt, which officials explain "effectively mobilises the otherwise dormant credit guarantees of African member states for raising funds."

In the case of a default, payment will be subordinated to senior debt which is limited to 80 per cent of the callable capital of non-borrowing countries.

These include Algeria, Libya and Nigeria as well as the 23 non-African members and amounts to about $2bn.

FINANCIAL TIMES SURVEY

SMALL BUSINESSES

British and European governments are taking stronger action to make life easier for the small businessman

Growing awareness of sector's importance

By William Dawkins

THE CLIMATE for small businesses in Western Europe is changing for the better as the general wave of enthusiasm for the economic virtues of entrepreneurship begins to produce concrete results.

The improvement is proceeding slowly yet European governments of all political colours are taking action to make the life of the small businessman easier. They evidently believe the sector has a valuable role to play in creating new jobs, especially in high technology and service industries.

There is an increasing realisation, too, that larger groups in traditional sectors such as engineering, steel or mining are likely to have relatively little to offer in the European battle against unemployment.

The small businessman's political star is rising under governments as diverse as France's Socialist administration (which has just added legislation to stimulate venture capital to its existing battery of support measures); West Germany's Centre-Right coalition (which recently announced measures to make it easier for small firms to tap the capital markets and, at the same time, made DM 500m (£130m) of public money available to assist small companies to undertake research and development); and Conservative Britain, where the Government is considering a number of radical proposals to cut the red tape believed to be hindering the growth of small businesses.

On the other side of the Atlantic, however, the small businessman has received less favourable treatment recently. President Ronald Reagan proposed in his Budget message earlier this year to end the financial assistance offered by the U.S. Small Business Administration (SBA) and to hive off its advisory and political advocacy roles to the Commerce Department.

The proposals were only the opening shots in a long bargaining process about the SBA's future—and even small business lobbyists accept that the SBA was getting unwieldy and bureaucratic. The plans, nevertheless, present an ironic message for European Governments, many of which have been busy modelling their own small business initiatives on the example set by the SBA during its 32-year history.

More evidence of support

Meanwhile, the rapid growth of the Unlisted Securities Market (USM) in London—101 new issues last year as against 88 in 1983—and its equivalents in France, the Netherlands and elsewhere, has provided evidence that European investors are increasingly prepared to support small companies and perhaps more importantly for the future, that they can make handsome profits from backing such ventures.

The success of the USM has galvanised the UK private venture capital market by offering investors a relatively easy and quick route by which they can eventually sell their shares. No venture capitalist likes to back an unquoted company unless he can see an "exit route" by which he can take his profits at some time in the future.

And the personal fortunes made by the directors of some USM companies have provided well-publicised examples for other British entrepreneurs to attempt to emulate. Well over 320 USM directors are millionaires in terms of the value of the shares they hold in their own companies. The subsequent loss of some of these riches by USM managers, especially of computer concerns such as Acorn or Cifer, have, however, added a sobering dash of realism to the USM's otherwise racy atmosphere.

The USM represents the cream of the small business sector in the UK. Life at the lower end of the scale, especially for companies trying to get off the ground, is less easy. High borrowing charges, the perennial difficulty of raising very small amounts of equity capital, and reams of official regulations are among their more serious problems.

The extent to which official red tape is choking small business' growth prospects was highlighted last month in the Department of Trade and Industry report, Burdens on Business. Twenty-six per cent of a representative sample of companies examined by the study said that between six and seven jobs had either been lost or not created over the past five years because of red tape.

If that is applied to all of the UK businesses with annual sales below £100,000 which were registered for value added tax in 1983, the net number of jobs lost comes out at a depressing 1.47m (after taking account of the 8 per cent of companies surveyed which said that they had created an average of four jobs because of government requirements).

The report suggested a number of ways to deregulate and simplify small business life (as outlined elsewhere in this survey), and these are now being

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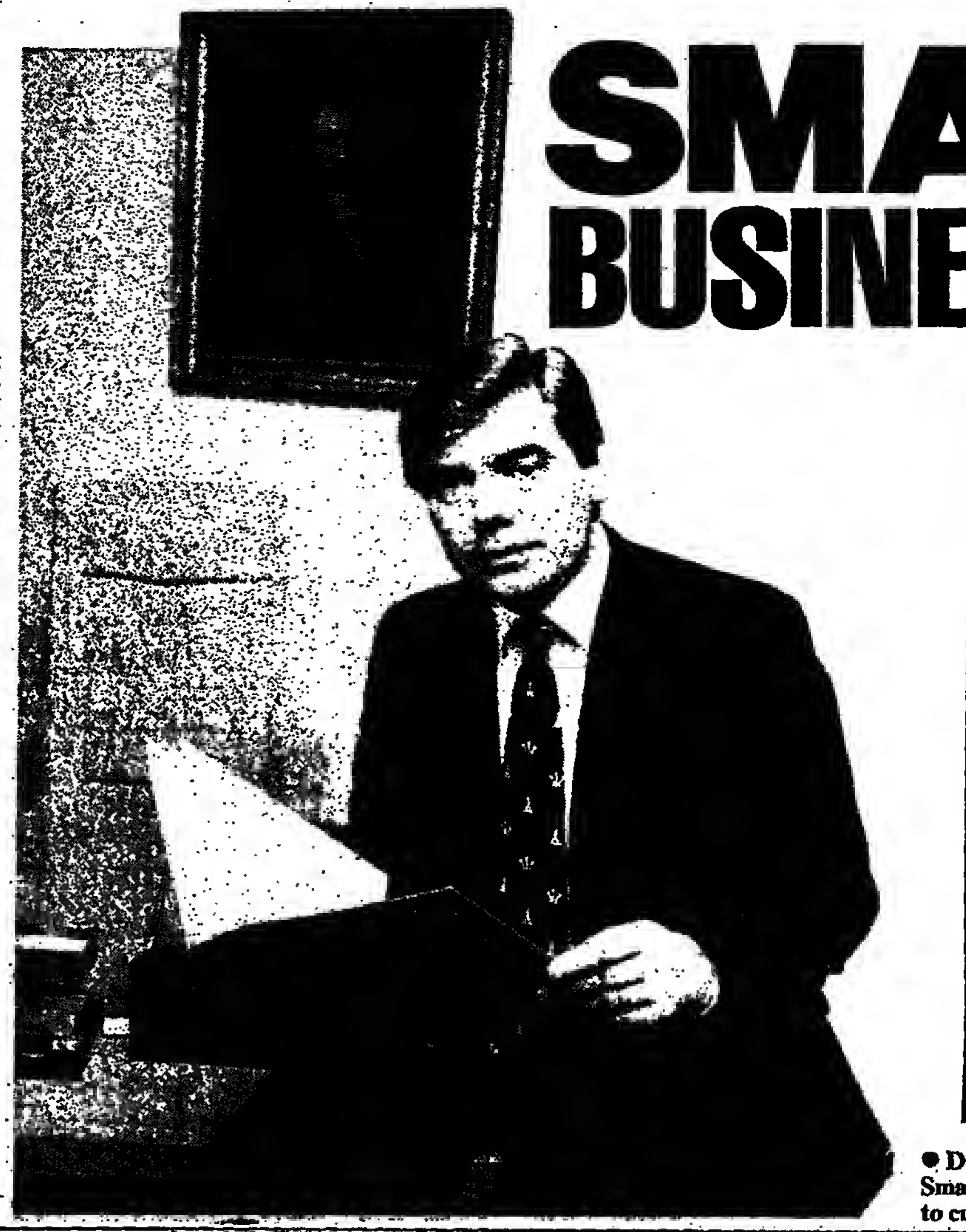


● David Trippier (left), Britain's Small Firms Minister : seeking to cut red tape.

IN THIS SURVEY

The high cost of complying with red tape

In Britain, the key irritant for small businesses is the cost of coping with a myriad of regulations and the time loss involved for managers and staff.

Here and on page 4, FT writers examine UK Government policy and the issue of deregulation; also the impact of the Loan Guarantee Scheme, the Business Expansion Scheme and the changes introduced in the March budget.

RED TAPE now has its own official unpopularity chart among small busioesses. The top 10 reads: VAT, employment protection, providing statistics, local authority planning, owner taxation, sick pay, PAYE, bealth and safety, building regulations, and environmental controls.

This was the order that emerged from research among a representative sample of small businesses for the Government's recent study of red tape, "Burdens on Business." Unpopularity points were scored when a particular piece of red tape was mentioned.

In no single case did a majority of businesses label any particular regulation a burdan: VAT was mentioned by 39 per cent of the sample and only tha first four of the most unpopular burdsns were mentioned by one-in-five or more.

This does not masn that red tape is a problem for only a minority of businesses. Many have adjusted to cope, accepting it as loevitabla, but every business rated it with some degree of seriousness. In most cases, this was light wben compared with other business problems but the average score for "seriousness" was nevertheless three out of 10.

A key irritant to businesses was the cost of complying with regulations. This might involve things like extra sccounting systems or staff. In the case of VAT the most vociferous complainants put the eash expanse at £19,414 over five years.

The loss of time involved was also telling: 127 days of the manager's time over five years and 75 days among subordinates. Managers felt they had to be involved because of the likely effects on cash flow.

Inevitably, there was an effect on employment, with 26 per cent of businesses elaiming that between six and seven jobs had been either lost or not created during the last five years because of red tape.

The implications of this are startling if extrapolated to the 1.074m businesses with turnover under £100,000 a year that were registered for VAT in 1983. If an average of 6.5 jobs each were lost or not created among 26 per cent of them, the total comes to 1.815m jobs.

Against this must be set the 8 per cent of businesses which each reported an average of four jobs gained because of the effect of government requirements. Applying this to businesses turning over under £100,000 in 1983 produces nearly 344,000 jobs gained—in other words a net loss of about 1.471m jobs.

This aloee explains the urgency with which the Government is tackling the subjects of deregulation and simplification of small business life. Lord Young, head of the Cabinet Office's Enterprise Unit, has taken eontrol, though not because of lack of enthusiasm in the Dspartments of Trade and Industry or Employment, where there is strong support for change; it rather acknowledges a need for supra-Whiteball clout in an area involving eight different departments, including the Treasury.

Deregulation and simplification are not the same thing, though the whole issue has tended to be labelled as the former. Deregulation implies exempting small businesses from certain aspects of the law.

Burdens on business

IAN HAMILTON-FAZEY

In many cases, such as wbere employee or consumer protection is involved, this is likely to prove impossible or even undesirable.

"If we removed the regulations for, ssy, guarding machinery and somebody lost a hand, all tha Ministers involved would deserve to be sacked. Such things are not on politically," one said recently.

Deregulation would also require legal changes and, hence, parliamentary time, which is already in sbort supply.

Some things are likely to face constraint by the European Community. For example, the VAT burden could be wiped out altogether for about 800,000 small busineses if the threshold of annual turnover for registration were arised to £50,000. But the European Commission thinks that Britain's thresbold of £19,700 is already too high, giving unfair advantages to people below the threshold who are thus freed from VAT's red tape.

There is an argument too that deregulation could bave an unwanted effect at any thresbold—whether based on numbers of employees or turnover. Businesses operating around the threshold might find themselves at a competitive disadvantage if they crept over it. This would inevitably limit growth in some areas and might create two classes of businesses.

Simplification offers quicker and possibly more just solutions. It is also likely to cause less aggravation in Whiteball, where the signs of interdepartmental defensiveness are already apparent—weeks of dithering went by after an interdepartmental scrutiny committee had completed Burdens on Business.

The report was only published after Mr David Trippier, the Small Firms Minister, had presented its findings personally to the Prime Minster and got her support for aetion.

The main recommendations could save a lot of time and money and do much to make life simpler:

- Despite EEC problems, the Government is to look at taking more businesses out of the VAT net. In any event, simplified monthly payments are to be considered for the smallest businesses along with improvements in bad debt relief.
- The Government's forthcoming Green Paper on income tax will look at wsys of simplifying PAYE, possibly calculsting tax on a current, rather than a cumulative basis, so that PAYE and Nationsl Insurance contributions can be worked out side by side from the same deduction tables.
- Statutory sick pay to be more easily integrated with small business payroll systems, with firms allowed to opt out if they undertake to pay sick employees the appropriate net sum, thus obviating the need to claim refunds.
- Planning controls would be simplified, making it easier to start up a business, say, in the garage at home, ereating special "simplified planniog zones," speeding up decisions, and making it easier to change the use of existing premises.
- Building regulations would be rationalised and fire prevention requirements made more flexible in premises presenting minimum fire risk. Health and safety regulations would be rationalised while maintaining protection.
- Reduce time-wasting through groundless elaims for unfair dismissal by making applicants to tribunals pay a forfeitabla deposit.
- Abolish statutory audit of sbareholder-managed firms and reduce prescribed content of company accounts and balance sheets, with simpler annual returns.
- Legislate for general statutory duties that would allow more self-certification in such areas as weights and measures, product safety and consumer protection.

The report was generally welcomed by small business pressure groups. They are now looking to Lord Young for action.

Too expensive for small borrowers

Britain's Loan Guarantee Scheme

IAN HAMILTON-FAZEY

BRITAIN'S Loan Guarantee Scheme has had a cbequered history. Supporters have seen the measure as one of the most potent symbols of the present Government's commlttment to small companies. But critics argue that it has both been an unwarranted distortion of market forces snd that right from the start it has been hopelessly expensive for the small business borrower.

Four years since being introduced amid a blaze of publicity and good intentions, the Loan Guarantee Scheme has certainly lost its momentum and appears to be spluttering to a somewhat ungracious halt. Although extended last December for a further 12 months (to the end of December this year), ministers have hardly been enthusiastic about its overall benefits and have been increasingly worried by the cost of those companies going bankrupt.

At the latest count the 30 or so participating banks had made a total of 3,478 claims to the Department of Trade and Industry for £85.6m, and an earlier estimate of one in three bankruptcies has not been revised.

Even lobbyists seem to have lost some of their earlier convictions and barring some sensational new evidence of success in a subsequent survey nobody will be greatly surprised if the scheme is quietly dropped come the next Government review.

Demand for the LGS has tailed off in the 12 months or so since its terms were revised.

Initially designed to guarantee 80 per cent of approved bank loans up to £75,000 in return for a 3 per cent premium on the guaranteed amount paid by the borrower (on top of the bank's own interest rate margin), the scheme since last June has been restricted to just 70 per cent of the amount borrowed with the premium raised to 5 per cent of the amount guaranteed.

The result has been not just to make Loan Guarantees much more expensive (over a period in any case in which market interest rates have been moving upwards); the new conditions mean that the lender now carries a greater share of the penalty if things go wrong. It is not surprising that instead of an average 500 to 550 loans approved each month during the schemes heyday in 1982 and 1983, the monthly tally so far this year has been in the 100-150 range. Whereas total lending raced to more than £450m by the time of last year's mid-summer review, it is only now crawling over the £500m mark.

Prospective borrowers under the Loan Guarantee Scheme are also required to meet new conditions introduced last year in an effort to cut down the failure rate. The reports on the LGS by the accountancy firm Robson Rhodes highlighted the often inept financial planning and financial monitoring carried out by some of the earlier scheme borrowers and their advisers.

In moves which have generally been applauded, applicants are now required to produce a proper business plan—following guidelines laid down by the Department of Trade and Industry and covering the usual areas such as history of company, description of products, markets, and managemeot and to provida their bank manager with proper management accounts every three months.

The idea, of course, is that businesses will have a clearer idea of their alms when they set out and knowing their financial position on a quarterly basis should be in a better position to take remedial action if things go wrong.

Lenders and Government officials alike are equally determined that borrowers should in future show greater personal commitment to their projects. Banks have never been allowed to take personal assets as collateral for their loans but at the sama time it is felt borrowers should be expected to carry a reasonable proportion of the risk—if they can afford it.

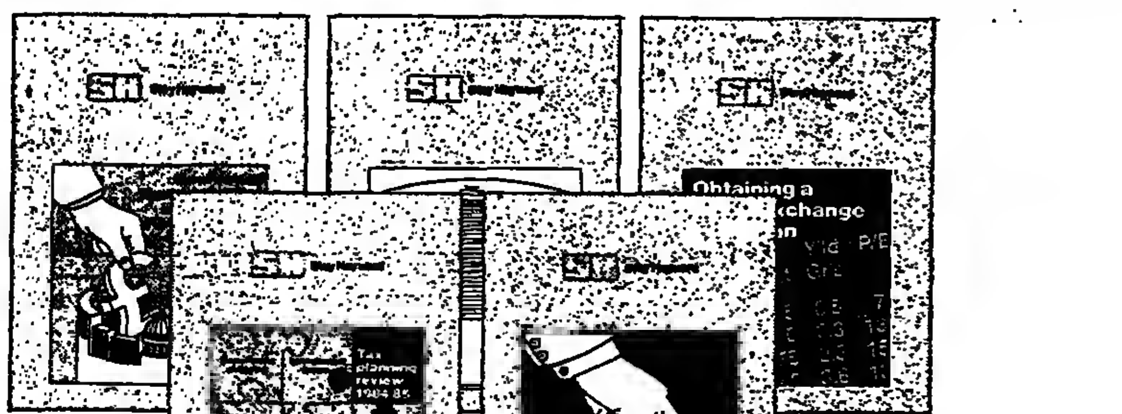
It is still too early to tell whether the combination of tougber monitoring, better bank appraisal and greater personal financial involvement on the part of entrepreneurs will reduce what Mr David Trippier, the Small Firms Minister, has unambiguously called the 'unacceptable' level of LGS failures.

Raising the cost of the premium, of course, is an effective way of rationing the scheme—but critics fear this will put further pressure on fledgling companies' cash flow thereby hampering their chances of survival.

With the thrust of the Government's small firms policy, moving away from interventionist measures to more directly "supply side" initiatives such as cutting red tape and emphasising the value of monitoring and advice, these questions may ultimately prove academic.

The Reagan Administration's plans to do away with its Small Business Administration — sponsor of a widely studied loan guarantee scheme in tha United States—has not gone unnoticed at Westminster and Whitehall.

Lord Young (left), Minister without Portfolio, with special responsibility for job creation; and, right, Mr Norman Tebbit, the Employment Secretary: both striving to make life easier for Britain's small businesses—but can they succeed?



PRACTICAL TIPS ON BUSINESS MANAGEMENT

THE FINANCIAL TIMES has recently published a new booklet. The How To of . . . Small Business, a collection of articles by Ian Hamilton Fazey first published on the Management Page between last September and February. Each article gives practical tips on small business management, covering such subjects as starting up, asking for money, choosing advisers, marketing, management accounts, sales and cash forecasting, pricing, credit control and exporting.

Single copies of The How To of . . . Small Business cost £3.75 but there are progressive discounts for bulk orders, when overprinting facilities may also be available. Copies or further details from Nicola Banham, Publicity Department, Financial Times, Bracken House, 10 Cannon Street, London EC4P 4BY.

Government initiatives

CONTINUED FROM PREVIOUS PAGE

considered by Lord Young, Minister without Portfolio but with special responsibilities for job creation.

Small business lobbyists gave the report a warm reception, tinged with scepticism over whether it will produce any concrete results.

His appointmeot is an acknowledgement ofthe difficulties in achieving any progress in an area involving eight government departments, and a mark of the Government's determination to take the lead in ths debate over unemployment, seen as the crucial issue in the run-up to the next General Election.

Despite the burdens of red tape, government and private sector attempts to foster the growth of small businesses in Britain are making progress on a number of fronts. They include:

- Enterprise agencies. These advisory and training bodies, typically partnerships between private companies and local authorities, have grown in number from 23 four years ago to 234 by the beginning of this year. Their growth can be attributed to sheer need, the encouragement provided in the 1982 Finance Act, which allowed corporate sponsors to write off contributions against tax, and a realisation by companies that their interests could be furthered by making direct contributions to local communities.

The most important donation to enterprise agencies comes in the form of experienced managers on loan, wbo are increasingly being seconded as part of their career developments.

- Enterprise allowance scheme. Introduced nationwide in August 1983, the EAS helped 66,000 people into self-employmeot in its first 18 months. The scheme, which offers participants £40 per week for a year to replace social security benefits, is budgeted to attract more than 180,000 people over the next three years.

A pilot study of the EAS in its initial trial areas showed that 80 per cent of businesses helped by the scheme were still trading six months after their allowances ran out, a far higher success rate than that achieved by start-up companies in general.

- Business expansion schame. This has played an important part in drawing private investors into small businesses by permitting them to claim tax relief on investments in unquoted companies so long as they keep the shares for five years. More than 500 companies raised a combined total of £100m from 20,000 BES investors in 1983-84, according to the Treasury.

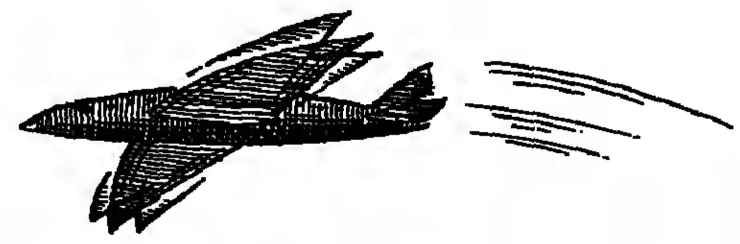
Teething pains

However, the BES has not been without its teething pains. It is still very hard for small companies to raise less than £50,000 under the scbeme because BES fund managera find it more cost-efficiant to handle larger investments. The BES's popularity with first farming and then property development companies—until the March Budget—has made it relatively more difficult for riskier start-ups with greater job creation potential to attract investors' attention.

Not all of the Government's small business initiatives have had the desired effect, however. The Loan Goarantee Scheme, for instance, now has an uncertain future after attracting much heavler losses than had been anticipated. The terms of the scheme, whereby the Government guarantees 70 per eent of a business loan in return for a 5 per cent premium, have been tightened up twice over the past year with the result that demand for LGS loans has fallen steeply.

Critics claim that LGS loans are prohibitively expensive and that tha requirements for personal guarantees where available, introdueed just befora Christmas, are unnecessarily restrictive.

That experience has contributed perhaps more than anything to the growing shift in the Government's small firms policies away from offering cash handouts towards improving the quality of publicly available advice and enhancing the elimate for entrepreneurs generally by cutting out unnecessarily burdensome regulations.



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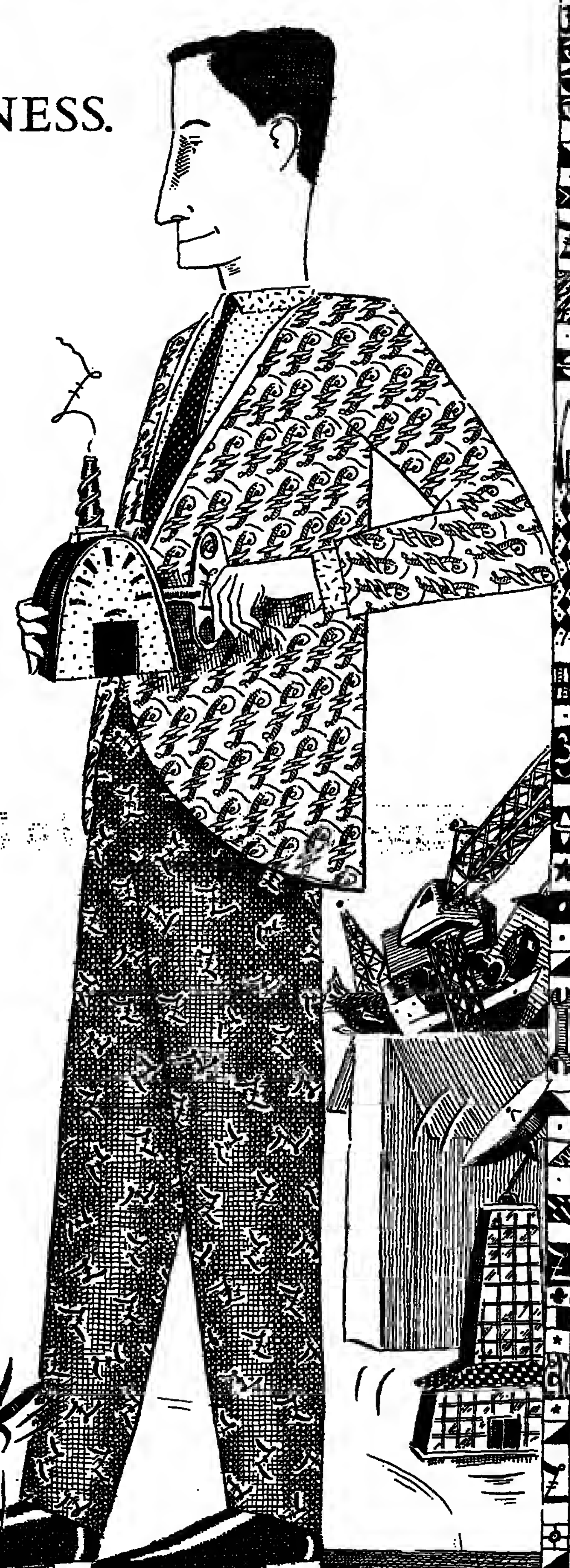

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Plea for more reforms

Reactions to the UK budget

WILLIAM DAWKINS

TOO LITTLE and too late: that sums up the initial response of Britain's small business community to last month's Budget.

There was general disappointment that Chancellor Nigel Lawson did not use the Finance Bill to announce reforms as far-reaching as the introduction of the Business Expansion Scheme by his predecessor in 1983 or the scrapping of the 1 per cent National Insurance surcharge a year later. The Budget contained a number of apparently minor measures, which taken together nevertheless combine to form a significant small firms package.

The focus of the Government's attempts to foster small businesses appears to have shifted this year away from the Treasury and towards the Department of Trade and Industry, which has been spearheading a drive to cut the red tape faced by entrepreneurs: a campaign now under the control of Lord Young, Minister without Portfolio but with special responsibility for job creation and enterprise.

The one point on which practically all small business lobbyists would have liked to see more action in the Budget is the sales level at which companies must register for Value Added Tax. Mr Lawson raised the VAT threshold from £18,700 to £19,500, in line with the Government's policy of linking it to the inflation rate at each Budget.

Lobbyists would like to see it raised to £50,000 or even £100,000—a point, incidentally, on which they have the support of the DTI in its recent report on administrative burdens, co-ordinated by Mr David Trippier, the small firms' minister. However, Britain is under strong pressure from its European community partners to reduce the VAT threshold, not raise it. As it is, the UK's threshold is the second highest in Europe after the Irish Republic.

The most widely welcomed small business measures announced in last month's Budget concern employee share schemes, National Insurance (NI) and Capital Gains Tax (CGT).

Employees who buy shares in their own companies with the proceeds from an approved profit-sharing scheme will now be allowed to sell their shares after five years without paying income tax. Seven years was the previous limit, under which qualifying disposals can be more lightly taxed as capital gains.

The number of employee share schemes has multiplied more than tenfold over the past five years from 80 to 850, as they have proved their worth as a way of building up the loyalty of key staff while giving them a performance-linked stake in their employers' businesses.

They received a boost in the 1984 Budget, which introduced the seven-year concession. Previously, all employee share scheme disposals attracted the heavier burden of income tax.

The self-employed, meanwhile, can congratulate themselves on having won a significant victory in last month's Budget. They were justly aggrieved by the 1984 Budget because they were hit by the run-down in capital allowances without getting any compensation from the tax cuts offered to incorporated companies.

They have for long argued that it is unfair that they should not be allowed to offset NI contributions against tax, unlike their incorporated brethren.

As from the beginning of this month (April) the self-employed were permitted to claim relief on half of their graduated Class 4 NI contributions; a profit-related tax introduced 10 years ago.

Flat rate Class 2 contributions for the self-employed will be cut from next October from the current £4.75 per week to £3.50. Both moves were welcomed by the National Federation of Self Employed and Small Businesses as making it cheaper for unincorporated firms to take on more staff.

Another change to the NI system—the abolition of the top limit on employers' contributions—will be a blow to small companies with highly paid employees. Such groups, particularly in the financial services and high technology sectors, will now be under pressure to cut their NI liabilities by concentrating more on alternative kinds of renumeration, like dividends or payments in kind. However, the new graduated entry into NI for employers and employees will certainly help companies to take on low-paid staff.

The Budget also introduced a change to CGT which will make it easier for owner-managers to retire earlier. Shareholding directors who retire at the age of 60, or before then if they are ill, will not now have to pay CGT on the first £100,000 of any share disposals they make in the process. Previously retirement relief only applied to those aged 65 plus, and there was no sickness concession.

This measure will do something to ease the perennnial problem of handing over the reins of a family-owned business from one generation to the next, a process which has frequently been made difficult by CGT considerations.

Another change which will benefit small businesses is the proposed extension of the tax relief available on VAT charged to customers who go insolvent. The full details, however, will be contained in the Insolvency Bill, due to become law in the summer.

It was widely expected that the two-year-old Business Expansion Scheme would come in for another session of fine tuning, following the scrapping in 1984 of BES relief for farming companies. Under the BES, investors in unquoted groups may claim relief against their top marginal income tax rate on the purchase price of their shares so long as they keep their equity for five years.

Property developers were thrown out into the cold this time, while Mr Lawson also opened the doors to research and development ventures, which had always looked an odd exclusion from the BES. Both property and farming companies proved attractive to BES investors until they were barred from the scheme, but they lent weight to criticisms that it was attracting too many safe asset-backed propositions to the detriment of the riskier employment creating opportunities which the scheme was designed to support.

It could be argued that the colourful band of wine traders, restaurants and veteran car dealers which are still being let into the BES deserve the same criticism—not to mention the handful of public companies which have used the scheme to raise cash for associates over which they have effective control in all but name.

However, any more radical changes to the BES are unlikely to be made until the Government receives a copy of a report into the working of the scheme commissioned by the Inland Revenue from accountants Peat, Marwick Mitchell and due for delivery in October.

A shift of focus by Britain's Chancellor Nigel Lawson: he did not win much satisfaction from the small business community following last month's Budget

ENTERPRISE WEEK PLANNED

SMALL BUSINESSMEN will be given a chance to find out more about the range of assistance and training measures available in a fortnight's time, when the Department of Trade and Industry launches its second Small Firms' Enterprise Week.

The event was started last year as part of the DTI's attempts to generate wider knowledge of the local help on offer to small businessmen throughout the UK.

Final details of this year's events have not been confirmed, but it is expected that many hundreds of organisations will take this opportunity to publicise their activities, including local enterprise agencies, chambers of commerce, local authorities and educational bodies.

Mr David Trippier, the Small Firms' Minister, will be travelling throughout the country to promote the event, which takes place from May 15-24. It is expected that he will be assisted by Lord Young, Minister without Portfolio but with special responsibilities for job creation, and Sir Keith Joseph, the Education Minister.

The event, which is being co-ordinated by the DTI's 10 regional small firms centres, will this year have a particular emphasis on promoting the awareness in schools and colleges of small businesses, highlighting the importance of training to managers of small businesses, and encouraging providers of education to do more to meet the needs of small companies.

Details of what is planned in each region can be obtained from local small firms centres, which can be contacted by dialling 100 and asking for Freephone Enterprise.

Record year for new investment

Business Expansion Scheme

TIM PICKSON

THE BUSINESS Expansion Scheme, which has been around in various forms since 1981, and which offers tax breaks for individuals investing in unquoted companies, has significantly increased the supply of UK venture capital.

Around £100m was invested under the BES in the financial year 1983-84 — more than half of it in new companies — according to the Treasury, and there is every reason to suppose that the financial year just ended will see this figure surpassed.

While these are encouraging trends — particularly since the BES is supplying the market place with relatively small amounts of equity capital in the £50,000 to £100,000 range—there are many who feel that the scheme is not reaching those companies most deserving of risk finance and that its conditions are still needlessly tight.

In spite of these reservations ministers are unlikely to make radical changes to the scheme until this autumn when the Inland Revenue is due to receive a report commissioned from the accountancy firm Peat, Marwick Mitchell. This year's Finance Bill, however, contains two important changes relevant to individual investors and to small businesses alike.

First, the exclusion of property development companies is designed to close a loophole which fund raisers have been exploiting on a large scale. (Such companies raised almost £50m in the 1984-85 tax year, against the estimated £44m pulled in by funds investing in a range of industrial and commercial activities.)

Companies dealing in land or property or earning a substantial portion of their profits in the form of rental income have always been debarred; the rules have now been toughened to exclude property developers where the company concerned has an interest in the property or land being developed.

The second change in the Finance Bill (originally announced in the March budget) is the opening up of the BES to research and development ventures. R and D activities have never specifically been excluded but in practice they have been ruled out because companies are not allowed to rely on fee or royalty income.

The Government, however feels R and D companies issuing shares after April 5 should be a special case as long as their research and development is intended to produce either an invention which is capable of being patented, or a computer programme.

For small companies looking for new equity exploiting the provisions of the BES is undoubtedly an attractive option. The Government is effectively chipping in £50 for every £100 subscribed by somebody paying tax at a top marginal rate of 50 per cent.

Investors can deal directly with an individual company, in which case the minimum amount permitted is £500, or they can join one of the many managed funds which will pool their money and spread the risk by investing the proceeds in a number of different businesses. The Inland Revenue usually applies a minimum of £2,000 to "approved" funds—but if "non approved" the £500 minimum still applies.

Headlong rush

Companies considering the BES route, however, should bear in mind that there are some significant disadvantages—notably due to the widespread use of the BES as a tax shelter. Investors, for example, can only claim tax relief on their income in the financial year in which their investment is made. As a result there has been a headlong rush into unquoted companies and BES funds between roughly the beginning of January (when individuals start to work out their likely tax liability) and the beginning of April (the end of the financial year). Companies wanting BES money in May or June or even throughout the summer and early autumn may have a frustrating search.

BES funds, meanwhile, may not suit young, fast-growing companies with a strong appetite for capital. Fund managers mostly feel obliged to invest their money as quickly as possible (to secure the earliest possible tax relief) —but as a result little or no cash is held back for the often vital second or third stage financing of expanding businesses.

The BES also suffers from other restrictions which have not been removed in the Budget. One of the rules, for example, debars companies which set up an overseas subsidiary, or which hold a significant proportion of their assets overseas. Obviously, this could damage the long term prospects of many high technology companies which aim at an early stage to operate in international markets.

The BES legislation also withdraws tax relief if a company either gets a full listing or joins the Unlisted Securities Market within three years, or if an investor sells his stake within five years of purchasing the new shares. At the end of the fifth year, of course, the chances are that most shareholders will somehow wish to sell.

Assistance

Seeking to meet a vital need

Enterprise agencies' role

IAN HAMILTON-FAZEY

IF EVER there was an idea waiting for its time, the enterprise agency movement must be it.

Almost from inception, agencies have become key factors in small business formation and growth. They are still mushrooming.

Sheer need for what they offer bas been the main reason for their growth, but although the principal function of an enterprise agency is to give advice, that alone hardly accounts for their increasing importance.

After all, advice is available from many sources, including the Government, local authorities and the banks. So what is special about the agencies?

The answer appears to lie not so much in the advice itself but where it is given and by whom—in other words, the key is the very nature of the agencies themselves.

The typical enterprise agency will have been set up jointly by the private sector and a local authority. The Government now helps fund start-up, but that money is more about pump-priming than taking a stake end demanding part-control or even a return.

The local authority may well help with premises and cash but wbat makes enterprise agencies different is the involvement of the private sector.

This may take the form of mnney but the most widespread type of help is through the lending of experienced managers or specialists—and for significant periods ranging from nine months to several yeers.

Almost invariably only large corporations or financial institutions can afford such secondments. Increasingly, they are used for the management development of able people in mid-career but there is also a significant portion who are highly experienced senior managers, either coming up to retirement or in the early stages of it.

This begs the question of whether people from big company backgrounds can really understand the needs of life as a business tiddler. Independent surveys suggest that they can.

After all, the principles of management are the same whatever the enterprise. Small business—where the entrepreneur does everything—can be regared as an extreme case of general management; what better advisor than a general manager from the big league?

Similarity

Indeed, one school of thought in the entreprise agency movement is that a similarity in thinking between big and small erises because of the nature of business itself.

Whereas most middle managers are usually concerned with operational matters and their impact on the trading account, senior managers in large companies have to focus on the securing capital and ensuring its efficient use.

This latter role is much closer in principle to what small business owners have to do. By the same token, middle managers from, say, large manufacturers gain useful insight into general management principles through a period of secondment.

The experience with secondees from the financial sectors is also interesting. Some of the most useful have been young accountants from large practices. Because of their professional discipline they home in on agency clients' balance sheets.

By contrast, secondees from the banks concentrate on cash flow. The combination can provide some of the best consultancy anyone could wish for—and it is free, independent, non-political, and not given by anyone trying to lend you money, or working for officialdom or housed in the offices where you have to pay the rates.

Enterprise agencies started to emerge out of need in the late 1970s, notably in St Helens, Hackney and West Somerset. Private industry, then beginning to shed jobs, joined local authorities in ensuring that, at the very least, the right advice was available for people wanting to set up their own businesses.

David Trippier, the Small Firms Minister, has first hand experience of the agencies, having been largely instrumental in setting up one of the first in his own constituency of Rossendale. He became an instant convert to the idea on a visit to the pioneering agency in St Helens. He then secured crucial political patronage for agencies by persuading Mrs Thatcher to open Rossendale's.

As it was, Michael Heseltine, then Environment Secretary, had already latched on to the idea—again after visiting St Helens—and his push to set up a network was undoubtedly given even more force in the wake of the Toxteth riots of 1981.

By then there were already 23 agencies. That year also saw the formation of Business in tha Community (BIC), now the umbrella organisation for the agencies and itself the main outcome of a working party set np in 1979 by Mr Heseltine and chaired by Sir Alastair Pilkington.

Its brief was to study what role the private sector could play in community affairs and local economic development.

Sir Alastair recalls that in the early days very few of his contemporaries at the top of British industry and commerce thought that a direct role was possible, taking the view that the best way to serve was to make profits and stay in business. Persuasion took time but, once converted to the idea, most leading companies put np help in cash and kind.

Political clout from the top had another effect: Section 48 of the 1982 Finance Act enabled agency sponsors to write off cash-or-kind contributions against tax. BIC's model structures and legal documentation for new agencies ensure that supporting companies are able to take full advantage.

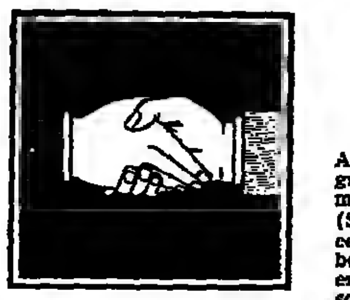
The numbers tell the story: there were 81 agencies at April 1982, 103 a year later and 180 by the middle of last year. Trippier wants 300 by June 1986. By his reckoning there were already 234 in January.

Given the political patronage behind the movement it is not surprising to find some mature aeencies ettracting the attention of people on the Left, who question the role of large corporations which, they say, are the very bodies responsible for the unemployment the agencies are now trying to help reduce.

This may eventually lead to withdrawal of local authority support in some areas, with the setting up of rival advice centres and a diminution of financial and other help for the agencies.

But since a major part of the agencies' success is due to getting free counsellors from the very capitalists who are heing criticised—as well as not being part of officialdom—it is difficult to see how such rival organisations are going to appeal to entrepreneurs.

Few local authority employees have an appropriate track record. The prospec tof having to fall in with planning agreements and trade union recognition in order to secure help would diminish appeal further.



Where to go for help: here and on the following two pages, a look at the role of interprise agencies, the Small Firms Service, the Enterprise Allowance Scheme, the Council for Small Industries in Rural areas and the range of assistance from local authorities.

In-depth counselling offered

The Small Firms' Service

IAN HAMILTON-FAZEY

AFTER years of spectacular growth, inquiries to the Government's Small Firms Service (SFS) fell in 1984 by 12.6 per cent to 279,201, most probably because the mushrooming of enterprise agencies has taken some of the pressure for advice from people starting up small businesses.

But it would be wrong to interpret this as the SFS failing in some way. What appears to be happening is a significant shift in its role away from advice to first-timers towards more in-depth counselling for existing businesses.

Experienced

The SFS's counselling services are run by 261 self-employed part-timers, all experienced managers or consultants, who are specially trained to deal with small business problems.

While their numbers did not grow in 1984 their workload certainly did—numbers of new clients rose to nearly 25,000. Counselling sessions topped 35,000.

This counselling is especially valuable to the small business because it is free for the first three days. It is still a bargain if the small business wants more and has to start paying, since the fee is only £30 a day, compared with an actual cost of £86. The Department of Trade and Industry makes up the difference.

The SFS was set up in 1973, four years after the Bolton report pointed out the need for something like it. Ten regional centres opened to provide en information service, and the network has since been extended by two.

Experience quickly revealed that counselling, not just information, was needed end, after trials in the South-West, this began nationally in 1978. Things have been increasingly busier since then.

In the 12 months to April 1979, 41 staff deali with 85,000 inquiries and 110 counsellors handled 6,000 cases. The 1981 Budget provided funds to expand the service and in 1983-84 —when the service cost £3.62m —106 staff received 316,693 inquiries and 262 counsellors dealt with 21,000 cases.

Comparing these figures for fiscal years with those for the 1984 calendar year reveals the strength of trends in the latter half of last year, when numbers of enterprise agencies were climbing past 200—a rise of about 100 per cent in 18 months.

With agencies ever busier, this suggests they ere becoming e first port of call for advice, though existing businesses with problems may well be referred onward to the SFS for counselling.

Reaching the SFS costs nothing through Freephone Enterprise or Freephone 2444, though the latter number will eventually be phased out.

However, there have been complaints of long waits for an answer. This should be changing because the SFS has been taking some of the advice its counsellors give often about technology, efficiency and productivity.

Last November it computerised its data base and linked its offices by electronic networking. This will help it optimise the use of counsellor's time and speed up dealing with inquiries.

Reduction

Numbers of counsellors have not grown lately even though Mr David Trippier, the Small Firms Minister, would like to see a wider provision of small business marketing consultancy available nationally.

However, given the apparent trends, coupled with the SFS's computerisation, few in the "advice" industry would be surprised at a "wait and see" policy while the advice "market" settles down and the best way emerges of avoiding duplication and developing complementary services.

PROFILE: COMMUNITY OF ST. HELENS TRUST

Pioneer agency with impressive seven-year record

HESITATION hangs heavily when Ron Holford is asked how many jobs have been created by Britain's first enterprise agency, the Community of St Helens Trust, which now bave a seven-year record through which to gauge its success.

"We try to evoid answering this," says Mr Holford, the Trust's deputy director and a long-term secondee from Pilkington Brothers, the glassmaker, that bas long dominated the town's private sector employment market.

The reluctance is not dne to modesty but rather the belief of all the Trust's staff that enterprise agencies should not try to actually create jobs, but merely help the people to do so.

The philosophy was inculcated in the agency by its founding director, Bill Humphrey, who adopted the motto of the Knights of St John—"We serve the sick, our masters"—and adepted it appropriately. The concept of service rather than rule bas been central to the Trust's outlook.

Statistics

Nevertheless, there are some important statistics through which to examine the Trust's impact. Mr Humphrey developed the idea of the enterprise agency because he had been active in other approaches to job creation—he set np and ran Britein's first training workshop, Elephant Jobs, in London—and had found them lacking.

He felt that independent advice from experienced managers was what would-be small business people needed more than anything. So the Trust's "client count" alone should indicate if be was right.

By early this year that figure was 2,320, many of them attending up to seven counselling sessions. At least 350 are known to have started businesses in St Helens, the self-contained Lancashire town shunted unwillingly into Merseyside, where a combination of recession and new technology in its industry has made it akin to a microcosm of modern industrial Britain.

Another 100 have started outside the borough, while about 160 were existing businesses which have used the Trust for advice on how to expand. Others have been helped just to survive. Mr Holford says that about 70 per cent of the current workload is made up of people coming back for more help as their businesses develop and grow.

All this must mean new jobs. David Boult, the former head of BICC, the cable and wire maker, mechanical and electrical engineer and contractor, in nearby Prescot—he was headed to succeed the retiring Mr Humphrey—thinks the best way to judge impact is to ponder where trends would have led if unchecked.

He says: "In 1978 unemployment in St Helens was 10.2 per cent, or 6,207. Since then there have been 14,500 redundancies, representing another 21.4 per cent of the workforce. The present unemployment on the new basis is 11,500, or 16.6 per cent, so there is a gap to account for."

Mr Boult did a 10 per cent survey of Trust clients to estimate their share of this. Grossed up, it suggested a figure of about 5,500 new jobs. Holford says that using BIC (Business in the Community) figures—of £120 of enterprise agency cost per job created by clients—backs this up. The St Helens Trust has cost about £700,000 so far at current values. Divided by 120, this comes out at about 5,800 jobs.

The Trust costs about £100,000 e year to run, with 60 per cent comprising secondees' salaries, which are borne by their own employers. The rest is raised in cash or kind from the Trust's sponsors, notably ment funding through the urban programme stopped a couple of years ago.

Secondment now follows a well-tried pattern, with the clearing banks providing the bulk and large accountancy firms now joining in to provide a combined counselling service that has proved particularly useful to companies wanting to expand and raise substantial finance.

Mr Humphrey, whom Small Firms Minister David Trippier has christened "The Patron Saint of Enterprise Agencies," gave a performance that was hard to follow, but Mr Boult bas succeeded with something of his own—a unique application of the Business Expansion Scheme.

Most BES funds have found difficulty in lending less than £100,000 because smaller amounts are just as costly to administer and therefore insufficiently profitable. Mr Boult put together e Business Expansion Syndicate of 20 local investors—each takes shares in all projects according to its share in the total fund—and uses the Trust's secondees and local, mainly retired, senior managers to evaluate proposals.

All investments are local and in the £20,000-£50,000 bracket. The secondee who did a lot of work on it was Tim Johnston, of accountants Peat, Marwick, Mitchell and Co, now in the firm's London headquarters and engaged on Peat's study of the BES's future for the Government.

But however successful the Trust, criticism has mounted as St Helens' Labour leadership, like much of Merseyside's, has moved ever Leftwards.

Despite official trade union support for the Trust, more vociferous elements believe it has been a cosmetic cover up of the failings of capitalism and that tha new jobs would have come anyway.

Ominously, the critics are now ascendant on the Borough Council, Pilkington's main partner in an enterprise agency that has so far tried to be non-political.

IAN HAMILTON-FAZEY

One cost-effective way of providing workshops for small businesses is through the conversion of redundant buildings in rural areas (as above) for craft and light industrial use, rather than build new units on green field sites

Among local planners and budding entrepreneurs alike, the countryside has never been so popular for new industrial projects

A big change of attitude

Industry in rural areas

IAN HAMILTON-FAZEY

TWO factors appear to have ensured that the countryside has never been so popular for small business. Government pressure is one: circulars from the Department of the Environment in 1980 and 1984 urged the shire counties to be more helpful.

According to Henry Clarka of the Council for Small Industries in Rural Areas (CoSIRA), this has mada it much easier to get planning permission where local authorities used to look askance at industrial development sullying the rural idyll.

The assumption that peopla could travel to work daily from villages to the nearest town has been torpedoed by high fares, costlier fuel, and job losses in the towns anyway.

The need to grow jobs locally has ectually led to county planning chiefs chairing CoSIRA committes in soma areas, producing an almost fully co-ordinated approach to job creation as far as public agencies are concerned.

The only body out of step seems to be tha Ministry of Transport. "The traffic authorities are still a problem," Mr Clarke says. "Schemes can still be stopped if they are not happy ebout increased traffic flow. Otherwise, 3m unemployed has concentrated minds wonderfully."

The other factor that has helped a drift of jobs from the towns has been some very helpful funding for businesses setting up or relocating in defined Rural Development Areas. These are the North, the South-West, the Welsh Borders, East Anglia and the East Coast. CoSIRA can award a 25 per cent grant towards cepital costs.

Applications

There have been 533 epplications in the past two years, with £2.7m provided by CoSIRA. As Mr Clarke points out, that means more than £10m of building contracts, most of them going to small, local builders. In global terms, the figures may appear comparatively small but the effect of providing work for only a handful of people can sharply transform a village's local economy.

Development in Herefordshire has been notable recently, with 40 applications totalling £300,000. Cumbria has had 40 successful applications, with similar levels of grant per project. In both cases, the motorway network is reasonably accessible so businesses are not isolated from larger markets.

CoSIRA can lend money too, and here a significant change appears to be under way. In the past the council has lent up to 80 per cent of project costs and the sums have amounted to about £15,000-£20,000 e time. While the same sums are still being lent, they now represent only about 35 per cent of project costs.

Banks and other financial institutions are lending the rest, indicating their greater willingness to foster small business development outside their traditional urban-based markets.

This means that bigger enterprises are moving into the countryside. On the basis that any enterprise usually stimulates other economic activity, the effect of this on unemployment and the rural economy is expected to show up increasingly as newly-arrived businesses mature and their employees' spending power increases.

CoSIRA believes that there is growing evidence of the countryside's increasing attractiveness to high technology companies. A clean environment is one factor, but another is that skilled staff who move into the countryside to take key jobs seem to stay longer with the companies concerned than if they were located in a town.

A good environment, sound property at moderate pricee, and easy travel-to-work all contribute to fringe benefits, possibly combined with a more human scale to life and a less rushed pace of living.

Although no one admits openly to this, one benefit to businesses is that the relative isolation of rural life is not conducive to effective unionisation of a growing workforce.

Property to house the company is also important, with wide availebility of old country houses which are too expensive nowadays for individual families, or disused old factories abandoned in earlier drifts of industry to the towns.

Mr Clarke says that many small high technology companies are buying these and restoring them in stages, helped by CoSIRA grants, as the business develops.

Meanwhile, more traditional activties ere still carrying on, with people using CoSIRA's help to set up simple businesses such as bed and breakfast tourist accommodation. One former headmistress has embellished this somewhat by offering guests courses in handicrafts during their stay.

Mr Clarke says: "The story is one of increasing demand for our services. Our manpower has been limited by the Treasury and we are working flat out to try and cope. We anticipate a steady increase in clients."

Off to a roaring success

Enterprise allowance scheme

IAN HAMILTON-FAZEY

LIKE enterprise agencies, tha enterprise allowance scheme has touched a deep need and has rapidly become a roaring success in helping small businesses to start up. In its first 18 months, it helped 66,000 people into self-employment. Its budget allows for more than 180,000 people to join these over the next three years.

The echeme reduces some of tha intial risks of start-up by supplementing revenue with a state handout of £40 a week for a yeer. However, qualification for the echeme is rigid: an applicant must have been out of work or under notice of redundancy for at least 13 weeks and ba receiving unemployment or supplementary benefit.

The aim of the scheme is to remove a major deterrent to self-employment among people out of work. This arises from the fact that most businesses are incapable of generating significant income for several months. Unemployed peopla usually cannot build sufficient reserves to tida them over these early stages, which discourages them from giving up secure state benefits to set up on their own.

In tha past, the result has been either that they do not bother or that they operate illegally in the black economy.

Joining the scheme requires several token of serious intent, such as willingness to work full-time in the business.

Applicants, who must be over 18, also need at least £1,000 to put into the business. This does not have to be cash: an overdraft facility attached to e bank account in tha name of the business—itself another qualification—will do. The enterprise allowance, incidentally, is paid fortnightly into the business account.

Another qualification is that the business must be "suitable" for public support. This excludes nightclubs, betting shops, licensed clubs or the promotion of particular religious or political views. But examples do inclnde pop groups, models, a hot air baloon decorator, e racing car mechanic, and a hand painter of duck eggs.

However, most of the participants so far have opted for rather more mundane occupations. A quarter went into distributive trades, mainly retailing of household goods, food or other non-food products. Another quarter offered "construction industry services" such as general repairs, electrical contracting, and painting and decorating.

Most participants (84 per cent) have been men and 57 per cent of the total were between 25 and 44. Encouragingly, 20 per cent were between 18 and 24.

Surveys of the new ventures have shown that about 50 additional jobs have been created for every 100 businesses started. Thia suggests that tha echeme is capable of generating about 90,000 new jobs a year et its present level.

Much as the Government would like to see this level increase, it is likely that "market demand" has been satisfied by recent increases in provision.

The scheme began with carefully monitored trials in Burnley, Coventry, Wrexham, Shotton, Kilmarnock and the Medway towns. Thaee ran from early 1982 to August 1983, by which time success was so obvious that the scheme was launched nationally, absorbing the trial areas in the process.

Initially, £25m was provided for 25,000 places in tha first year. Queues formed end the provision was increased to £82m and 50,000 places to try to clear the backlog in 1984-85. The budget is now for 60,000 places a year until April 1988, with yearly costs of £111m, £125m and £128m respectively.

The Manpower Services Commission (MSC) is confident that this will be enough for queues not to build up. Indeed, a system has evolved to feed people into tha scheme at a steady rate of about 1,200 a week. The initial filter is the Jobcentre, where information is available and staff are trained to assess eligibility.

Likely candidates are booked into a 25-person seminar run by a counsellor from the Small Firms Service. Application forms are issued only at the end of these seminars. Thesa are used for vetting purposes, inclnding a check with the benefit service.

About the time that payments start there is a personal interview with e business counsellor, followed by two more counselling sessions during the 12 months for which the scheme runs. There is also n monitoring visit from the MSC within three months of start-up, and 50 per cent of applicants are choeen at rendom for follow-up checks.

There are three other strings attached. First, the business has to he genuinely new. This means not starting to trade until accepted on the schemo. Inquiries can be meda and market research done, but nothing must be produced for sala or contracts entered into with suppliers or customers. Nor does the scheme apply to taking over an existing business.

Independence is another atring. The business cennot be a subsidiary or supported by another company. Businesses such ae francbises, where there is a continuing reletionship with another company providing essential services such as supplies or marketing, are elso out. So is anyone proposing to operate as an agent or undar labour-only, sub-contrecting terms and conditions.

The third string is that the proposed venture must be small. Anyone intending to employ more than 20 people during the first three months is thought to have a good enough venture to get other types of becking.

People eetting up partnerships and co-operatives ere not excluded, though not less than half the members must be on the scheme and—complying with rulee about being small—not more than 10 people in one such business can be accepted.

Since the echeme gets people off the unemploymant register it undoubtedly hae enough appeal to have encouraged political support. But does it really work? Records show a drop-out rate of one in eight, though many of these are people finding jobs. And a follow-up of those on the pilot scheme in the trial areas showed that 80 per cent were still in business six months after tha enterprise allowences stopped.

Only further studies can reveal true effectiveness in a small business sector characterised by high failure rates in the first fiva years of trading.

Wide variations in aid

Help from local authorities

IAN HAMILTON-FAZEY

THERE IS no general standard of provision of help by local authorities for small businesses: help is available in some form from all of them, if only because most have some involvement in provision of industrial premises; but asking directly is the only way to find out what they can offer.

Although the inquiring entrepreneur may well, therefore, get as many answers as there are local authorities, there are some broad classifications to look for.

For example, there are enterprise boards. These are not enterprise agencies. They have been set up hy Labour-led authorities and operate as a sort of cross between an industrial development office, a merchant hank and e venture capital fund.

Examples include the Grester London Enterprise Board, and similar bodies in the metropolitan counties. Their role is pro-active in the aense that they try to encourage certain types of development, such as worker co-operatives and, in London, enterprises that will create jobs for notably underprivileged groups such as members of ethnic minorities.

Their financing has been through local government legislation that allows the authority concerned to spend up to the product of a 2p rate without reference to central government. Most of them advertisa extensively in their local areas so are easy to find.

However successful and helpful they bave been—and there are very good points in favour of all of them — their future is uncertain, as the councils which set them up are due to be abolished next year.

A good indicator of a local authority's attitude to small business is whether or not it has an industrial development officer with marketing skills and sufficient rank to get things done. More of these have been appointed in recent years and three years ago they formed their own professional association to help improve general levels of skills and practice in the field. Bot not every anthority has one.

A Conservative-led authority with an old-fashioned town clerk type of chief executive mey well take the view that active industrial development is no part of its role. The only advantage of locating here may well be that the rates will almost inevitably be among tha lowest.

On the other hand, left-wing Labour councils with little enthusiasm for capitalism may well do what Liverpool did and abolish the office and the industrial development agency that went with it.

In cases like these, industrial development will probably be dealt with as a subsidiary task of the solicitor's or estates departments. This in turn may see the entrepreneur's attempts to, say, rent factories bedevilled by low-level clerkery, incompetence, pedantry and bureaucratic delays.

Small businesses which do not have tima to deal with this will easily find other euthorities with skilled officers capable of cutting red tape.

Tha poltical complexion of a council is also important for what it might require of businesses it halps. Some Labour councils want planning agreements and recognition of trade unions. This is bound to put off some entrepreneurs, but since the councils also want to see jobs created, some are more pragmatic than others and do not insist.

A tell-tala sign of likely inflexibility is whether the council has recently set up a department called a "central strategy unit" or something similar to help frame policy and work out its detailed implementation.

These tend to be staffed by the more committed of Labour's activists, who generally favour a "municipal solution" to most local problems and high business rates. Relationships with capitalism are unlikely to be easy.

Tha Shire counties have responded to government urgings on the need to create more jobs in rural areas and industrial development officers are much more common, with planning departments increasingly ettuned to business needs. But outside the rural development areas, where CoSIRA can help, grant aid may be non-existent and certainly less favourabla than in many urban areas.

What probably counts more than anything is the local authority's attitude. Very many actively support their local enterprise agency and this is a good indicator of willingness to nurture small business, since it usually means that everyone is basically on the same side.

Where the agency is not supported—the local authority may even have set up in competition—all will not be well between public and private sectors in the locality concerned and that may not be in the small business's interests.

But the edvantage of Britain's relatively small size and good infrastructure is thet it is easy to find places where tha atmosphere is conductive to survival and growth. "Shop around" is probably the best edvice when it comes to finding a local authority that will best suit.

The Genesis Centre at Warrington, part of the Birchwood Science Park development by Warrington-Runcorn Development Corporation

There is a growing number of training ventures in Britain on ways to improve basic business management and to develop existing skills.

More courses offered

New training schemes

IAN HAMILTON-FAZEY

THE high failure of small businesses bas led to considerable extra efforts to improve training for the people who own and run them.

These have been evolving over the past two years and fall into a general Manpower Services Commission provision called "Training for Enterprise," or TFE.

TFE has two objectives, first, to teach people basic business management so that they can get new ventures established on a firm footing and, second, to improve the skills of existing owner/managers so that their businesses can grow.

These are the main feetures:

THE NEW ENTERPRISE PROGRAMME:

This is aimed at new ventures likely to employ six or more people after e year. It takes 16 weeks of full-time study with Glasgow, Durham, Manchester, Warwick or London University business schools. The first few weeks are residential, learning fundamental skills sucb as business planning, market research, costing, pricing, selling, business controls, forecasting, budgeting, cash management and raising finance. This is followed by up to 12 weeks of project work actually planning the new business.

SMALL BUSINESS COURSES:

These cater for people launching businesses that will employ about three people after a year. They last 8-10 weeks, with a period of classroom learning of the fundamentals of business management, followed by a project/launcb period. The courses are run for the MSC (Manpower Services Commission) by universities, polytechnics, colleges, regional management centres and private consultants. In some arees it is possible to undertake the "taught" period part-time in the evening, though this will, of course, stretch the overall course length.

SELF-EMPLOYMENT COURSES:

These range from the "Mini-Business Course" consisting of part-time classes equivalent to ebout a week's training in business basics, to six weeks of full-time study. Most are about two weeks in langth. Shorter courses are aimed at people who have started trading but who need to acquire some management skills as they go along. Some courses are tailored for people on the Enterprise Allowance Scheme.

SELF-EMPLOYMENT AWARENESS SEMINARS:

This is a new provision to explain the ins and outs of self-employment to people considering it. The seminars last 18 hours, consisting of several sessions, and ere non-selective. The aim is to make people better informed.

THE MANAGEMENT EXTENSION PROGRAMME:

This enables an experienced but out-of-work (usually redundant) executive to be seconded to a small business to implement some specific project. This is an important route for any small business wanting to professionalise its management. The project bas often provided a chance for the secondee and the business owner to take a good look et each other to see if it is worth making the arrangement permanent by the offer of a job or partnership. There is provision for 1,600 secondmeots in 1985-1986, compared with 750 last year.

ACTION LEARNING:

This is a pilot study presently under way in several areas. It is run by business schools, universities or colleges, which provide a business expert to chair a group of small business owner/managers. Structured discussion enables people to learn from the experience of others, end use the group to refine plans.

OWNER/MANAGER TRAINING:

These are pilot courses started in many areas in 1984-1985 to offer training in business skills to people already established in business. The MSC says that courses are varied and still experimental. It intends to lesrn from them this year so as to standardise on the best features of each in the future.

The majority of full-time courses are run under the rules of the Training Opportunities Programme (Tops), which means that people out of work who are over 19 and wbo have been away from full-time education for at least two years can be paid training allowances.

Other courses are being funded under special authorities whicb waive many former obstacles and restrictions. Part-time courses will not qualify for allowances, but are unlikely to involve fees at present.

Special authorities are being extended to allow continued funding of pilot schemes. When these have proved themselves the MSC bopes to opan all courses to anyone over 18, whether employed or not or already trading, so that small business edncation becomes available to anyone likely to benefit from it.

Availability of some courses may therefore vary from area to area et present. The MSC says that the starting point for all training is the nearest Jobcentre, where staff will know where to direct people. Alternatively, information can be obtained directly from the nearest MSC Training Division area office.

The pressure is increasing to transfer more high-technology projects from the research level to the commercial stage where they can be developed by small but dynamic companies.

Seeds of new enterprise

International innovation

PETER MARSH

MECHANISMS to promote the transfer of technologies from the research sphere to the world of industry have become a hot issue in Western Europe in the past couple of years.

In particular, governments and business organisations are keen to devise ways in which scientists can turn their research ideas into the seeds from which new enterprises can start.

Countries could gain better value for the cash they spend in supporting academic research, so the theory goes, if more of the work led to products that can generate wealth in the world market place.

Also, there is the nagging feeling that some countries—the U.S. is generally held up as a good example—are better than others in their record in transferring ideas from the research to the commercial stage.

If the nations that lag in this respect could emulate the charecteristics of the leaders, then they could go some way to boosting their economies through the creation of small, dynamic, technology-based companies.

It is probably unrealistic to expect from European societies the kind of culturel shifts that could give rise to companies such as the U.S.'s Hewlett-Packard, Intel or Apple. Such enterprises grew very rapidly by exploiting both the huge market place in the U.S. for technical products and the desire of American financial institutions to back novel ideas.

Efforts to generate small, science-based companies that have et least some of the hallmarks of these U.S. success stories are epitomised by the rash of moves in Europe, particularly in Britain, West Germany, Sweden and Holland, to set up science parks and innovation centres.

These institutions are normally property developments associated with universities or other academic establishments. In theory, a technology-oriented business located adjacent to a university department can obtain ideas from the latter, so refining its products and carving out a larger business.

The exchange can also work the other way around. The academic establishment could be expected to learn something in the way of commercial disciplines, so producing a new breed of researchers versed in business techniques as well as the latest edvances in electronics or biochemistry.

Preliminary results from the first batch of science parks in Britain are, however, by no means encouraging.

Science parks

According to a recent report from Ms Jean Currie of CSP Economic Publications, university authorities and venture-capital organisations could do more to support the needs of the small companies in Britain's science parks, of which 13 are in operation, with seven under construction and several more in the planning stage.

According to Ms Currie, university departments sometimes put up barriers to the flow of ideas from ecademics to the small enterprises that are on their doorsteps.

She also found complaints from the 170 or so companies on the science parks that financial institutions often lack the technical knowledge to understand the requirements of small companies in esoteric scientific disciplines.

This is despite the moves in recent years by banks and similar bodies to recruit into their staffs technology specialists or to hire consultants on an occasional basis to advise bank managers et high-street branches.

The science park in Cambridge, set up the early 1970s, has seen rapid growth with a fair amount of intersction with the city's university.

But this is more a result of the unusual incidence of small, technology-based companies in the Cambridge area—which is home to about 300 such companies, many of them formed in the past five years—than any special prescription formulated for the science park by the university authorities.

The gap in Britain between the worlds of research and industry is illustrated by Dr Robert Skidmore, a medical physicist at Bristol General Hospital wbo is also a scientific consultant to International Medical Dynamics, a company formed two years ago in Edinburgh.

Dr Skidmore, e specialist in ultrasonic techniques to monitor blood flow through arteries, got involved with the Edinburgh company largely by chance. He had no special desire to commercialise his research, which the company is now trying to turn into a product that analyses, by computer, ultrasound signals to indicate ailments such as clogged blood vessels.

"People in my environment have chosen a scientific career which doesn't really warrant detours into business. It's more important to do good scientific work that gets published—there is no kudos from getting involved with commercial matters."

Dr Skidmore speaks for many European scientists when he says that the only reason he does consultancy work for companies is because the latter "pester" him to give them some of his time in a specialist area. Although the extra cash that researchers earn from such jobs can be useful, many would rather be left to get on with their studies with the minimum of interference from the world of business.

Other researchers bave e more positive ettitude to forming their own companies. Many find they cannot do it on their own. They need to link up with an established organisation to supply marketing and managerial muscle.

Take Harry Mellor and Dr Alan Jones, who both used to work at the school of mechanical engineering et Cranfield Institute of Technology near Bedford. They formed in 1980 a company to sell their expertise in computer software techniques to model the energy requirements of buildings.

Soon afterwards, the pair realised they needed a partner to supply extra business expertise. They found one in the shape of Cogent, a subsidiary of Legal and General, the insurance company, which aims to exploit emerging technologies. Last year, their company became part of Amezon Computer (which is owned by Cogent) and sales of the energy programs should this year reach about £300,000.

The way that academics can start their own companies with the minimum of risk is illustraied by Martin Swainston and Tony Billett, both engineering lecturers at the University of Bath. They got together in 1968 to form Radan, a company selling engineering expertise to companies by consultancy arrangements.

Mr Swainston and Mr Billett then followed the classic pattern of academics who turn a loose, part-time activity in selling knowledge and abstract skills into a fully-fledged business offering standardised products.

The progression in this way from a "soft" to "hard" company is a feature of academic life in the U.S., but is less common in Europe, due to both the lack of desire by academics to form businesses and the relative unwillingness of their employers to countenance formal commercial activities.

In the case of the Bath lecturers, they rented office space and took on their first employee in 1978, selling standard packages of computer programs to belp in the design of engineering components. Radan now employs 34 people, with subsidiaries in West Germany and Singapore and annual sales of £1.6m.

Attitude

Significantly, both men were helped by the benign attitude to business affairs of their university authorities. The pair work part-time for Bath's engineering department and last year were given unpaid leave to concentrate on their commercial activities.

Mr Swainston says the arrangement benefits both Radan and the university. "I wouldn't want to sever my connections altogether. The part-time working means I can talk in depth to students about the industrial environment. At the same time, we can recruit quite a lot of our software people from ex-students at the university."

More flexible working patterns in research institutes would be one way to increase the number of small businesses formed from such pieces, according to many observers. If more aacdemic organisations showed the attitude of the Bath University euthorities, then the job of the politicians and planners trying to promote small, technology-based companies might be made less difficult.

High technology in Scotland: computer disk production at Glenrothes. Such developments attract a growing number of highly specialised service industries

Monitoring systems improve

Help from the banks

WILLIAM DAWKINS

Mr Noel Dearing, head of National Westminster's small business section, and Mr Stuart White, his counterpart at the Midland: all seeking to boost facilities for clients.

"OUR managers are now more aware that they don't just lend money and wait for it to come hack. The signs are that horrowers are getting better at horrowing and lenders better at lending."

That somewhat hullish statement from a senior clearing hank executive reveals the extent to which the banks' attempts to get to grips with their small business customers have involved a financial education for the parties on both sides of the manager's desk.

The four leading clearers would like to think that they have progressed from the time last year when they were accused in a report hy chartered accountants Robson Rhodes of seeing most small busines clients aa unworthy of the disproportionate attention which they can command.

Not all of their customers would agree. But the facts are that some of the hanks are begining to see a measurable decline in the rate of small business losses. National Westminster, for example, which accounts for roughly a quarter of the total lending under the Government's Loan Guarantee Scheme (LGS), reports that just under 10 per cent of the new LGS customers it took on in the past year failed, as against 20 per cent in the previous year.

And Lloyds claims it has not had a single LGS failure since last June. Admittedly, that is partly due to a steep decline in loan applications aince the terms of the acheme were tightened, and LGS loans represent a small part of total lending to the sector. But Don Good, bead of the Lloyds' small husiness unit, believes that it is a representative trend and a sign that tbe training available for entrepreneurs through hodies like the enterprise agencies and the Department of Trade and Industry's smal firms' service, is beginning to have an impact.

"We do find that people are planning how to borrow and acting less often on impulse," he aays.

Stuart White, Good's counterpart at Midland Bank, echoes: "Customers are hecoming more appreciative of basic rules. They are more aware that you don't use your overdraft to buy a new vehicle and that the ideal way is to link the aource of finance to its useful life."

However, nohody should underestimate the role which the banks have had to play in this educational process, noth through directing better monitoring and advice at their customers and through trying to change tha often ingrained attitudes of their own local managers.

Barclays was the first to open a smal firms' Business Advisory Service (BAS) in 1973, since when it has conducted more than 22,000 corporate surveys for its smal business clients.

Lloyds followed suit three years later, with a similar service which has undertaken about 5,000 investigations, and Midland brought up the rear last year with an advisory group which has made 240 amall husiness reports to date.

All of these services are free to customers, offering a one to two week visit by bank personnel, who then produce a written report on how the client might improve matters like cash management, stock control and accounting. They are, however, unashamedly directed at companiea which will be worth the effort in terms of improving their quality as customers, and have at least some growth prospects.

"One of the things we don't want to do is to provide a fire-fighting service," says Mr White, who estimates that the average advisory service client bas an annual turnover of £1.5m—well beyond the range of a large number of the smallest corporate customers.

National Westminster has staunchly avoided setting up sucb a service. "With perhaps 1m of our accounts in the commercial sector turning over less than £1m, baving 20 or 30 small business advisors would belp to a degree, assuming of course that they are looking for growth businesses rather than digging people out of the mire," says Noel Desring, head of National Westminster's small business section. "It is better, however, that we should work hard at increasing the expertise of our branch managers in the front line," he adds.

Nevertheless, National Westminster does bave something near to an advisory service in the form of its industrial unit. Set up five years ago, it includes eight pairs of bankers and accountants who call on troubled clients—usually in the £1m to £20m turnover range—to help them tackle financial management problems. It conducts 140 investigations annually, and is also used as a way of approaching competitors' more attractive small husiness accounts.

Other advice from National Westminster is available in its free quarterly, Business Digest, which has a circulation of 600,000. The bank'a decision not to set up a formal small husiness advisory service also highlights the dilemma facing the clearers which have followed that route.

While improved small business monitoring and advice sounds desirable in principle, it is costly for the hanks to provide, and the benefits are hard to measure. On the other hand, an estimated 50 per cent of the clearers' UK bad debts relate to corporate customers with turnovers of less than £1m, so they clearly need to be handled with care.

Ray Gibney, chief manager of Lloyds' BAS, argues: "It probably helps us to make customers more successful, and that could mean that they place more money in their accounts. There is also an element of goodwill, and consultative experience can make it easier to evaluate marginal lending decisions."

Midland is attempting to spread the lessons picked up by its BAS team to its branch managers. It has compiled a guide to management accounting for small busineses, which has been sent to 50 branch managers on a pilot basis. The hank is also drawing up a list of the most common problems experienced hy its smaller corporate customers.

High on the list, says Mr White, is failure to give adequate thought to management succession or distribution of duties. Too many companies defer for too long the appointment of a finance director—in the mistaken helief that they are keeping costs down hy delaying, he says.

Pricing and cost control is another weak area highlighted by the BAS team, which also points to poor management accountiog as a frequent problem for smal husiness clients.

"A lot of customers are unwilting to talk to accountants because of the cost," he says. Some husineses hava attempted to improve their controls hy buying a microcomputer, and a lot of these are found to he using their equipment wrongly.

In addition a aurprising number of customers fail to keep an accurate list of dehtors or creditors, or if they have one, fail to use it to chase up payments.

Sources of finance: the high street bank is the first source of contact for most businesses in search of funds....Here and on the facing page, examine the growing FT . correspondents examine the growing number of options available.

Ways to ease cash flow

Leasing, factoring and forfeiting

TERRY GARRETT

EASING THE constraints of a limited cash flow in a small business can be one of tha higgest headaches an entrepreneur encounters. There are atrains of working capital requirements to be faced while financing new equipment can seem an insurmountable task at times.

So, not surprisingly, the financial services sector has devised ways of helping small businesses to their mutual henefit. Since the beginning of the 1960s equipment leasing finance baa gained popularity to meet the cost of new plant and machinery while other services, such as factoring of debts and forfaiting when exporting, have been expanded to ease growing pains of small companies.

But the Chancellor, Mr Nigel Lawson, drova a cart and horses through the leasing sector in his Budget atatement a year ago. The tax efficient hedrock, on which the leasing sector boomed, has been dramatically changed. Even now observers and industry executives alike are uncertain as to what ahape leasing activity will take hy the end of this decade.

The long standing rules of leasing were that the lessor, who provides the finance to huy the equipment and is the legal owner, could take advantage of 100 per cent first year capital allowances to offset against its own tax bill. So banks, in particular, piled into leasing financa to reduce their corporation tax liabilities.

The lessee, who operates the equipment, benefited from financing plant "purchases" in this way because the finance bouse returned some of its tax saving onto the lessae in tha form of lower "rental" charges. In effect, the lessee could often obtain the equipment into his factory at a lower cost than straight loan finance.

Mr Lawson has moved to change all that. The 100 per cent allowances were dropped to 75 per cent in fiscal 1984-85. This year the rale will be 50 per cent and a 25 per cent writing-down-allowance starts April 1986. At the same time, corporation tax, which stood at 52 per cent before the changes, will be cut progressively year hy year to 35 per cent. Thus the rules of the leasing game are being dramatically shifted as the financial benefits dwindle away.

The initial reaction has been a hurst of leasing activity last year as companiea and financial houses scrambled to take advantage of what tax benefits were left while they could.

According to the Equipment Leasing Association more than £4hn of new leasing business was written during 1984. As the tax advantages of leasing operations disappear the level of activity will undouhtedly sbrink.

Some in the sector are suggesting that hy 1986 the level of new husiness could he down to £2bn a year—back to the figures of the late seventies early eighties. Those lessors who were simply dragged into leasing for tbe tax benefits will fall away but those who are more committed will have to produce some innovative new packages to attract Britisb industry to their doors.

Factoring finance is a growing business in Britain. According to the Association of Britisb Factors there was a 37 per cent increase in the level of business during 1984 to £3.8hn.

Factoring is a fairly simple way of turning a sales ledger into cash at a fairly rapid rate of knots though its critics claim that it is an expenaive form of financing. It works like this. The client receives a proportion of the face value of an invoice up to an agreed limit—usually 80 per cent. The balance is paid when the factor receives the payment from the client's customer, or possibly at an agreed interval whether the factor has heen paid or not.

Some factors cover the client for bad debts, olher do not, and both sides argue the case that their service is best. But in the final analysis only the client can judge, for factoring without bad debt cover tends to be less expenaive for ohvious reasons.

Factoring can also be used for export finance where a factor will step in and bear the risks of bad dehts and currency movements. Such services do not come cheap and companies that are beavily involvad in overseas trade might consider forfaiting as a way of easing cash-flow demands.

In a nutsbell, forfaiting is the discounting of trade hills of promissory notes hy a finance house without recourse to the exporter. As a technique it has mainly been associated with capital goods exports, but in the past couple of years forfaiting has spread into financing exports of almost every type of goods or services.

A typical transaction would be where an exporter has agreed the sale of a large piece of capital equipment and the importer requires credit, possibly over three to five years. The British exporter can turn to a forfaiting bank to discount a string of bills of exchange. The forfaiting bank will obviously do its calculations on the cost of money and consider currency and bad debt risks before returning to the exporter with an offer to buy the paper.

Potential users of forfaiting should make inquiries about ECGD cover first and then shop around the various banks and finance houses active in the market as charges will vary.

Period of explosive growth forecast

New franchise operations

IAN HAMILTON-FAZEY

THE FRANCHISING industry is forecasting five-fold growth by the end of the decade, with turnover up from £1.04bn to more than £5bn and at least 280,000 new jobs.

The figures come from a survey of the industry commissioned by the British Franchise Association, though NatWest's franchise manager Mr Peter Stern — the bank sponsored the survey—is a little more cautious than the BFA about them because of the natural optimism of all of the people questioned.

Nevertheless, NatWest is expecting to do well out of the continuing rapid growth in franchising. It is already the leading lender for franchising operations, claiming 60 per cent of the market and a franchising section twice as big as Barclays, its nearest rival.

But why the explosive growth? Coincidence of self-interest seems the likeliest reason, with many people looking for "safe" ways into small business and many companies seeing franchising as a way to expand using other people'a capital.

Franchising works through a franchise buying exclusive rights to a product or service from a franchisor. The franchisee needs a capital sum to buy his or her way in and then pays royalties for continuing rights. In return, the franchisor aupplies management know-how, marketing support and goods and services.

Examplea of franchise operations include home improvement services, vehicle maintenance products, retail outlets, fast food restaurants, and business services, such as high street printing and copy shops. The franchisee can usually rely on a national brand image, secure supplies, and relatively quick pay-back.

The average price of a frsnchise is about £26,000, of which £5,000 is the initial licence fee the rest is start-up cost. Average payments to the franchisor are then just under £10,000 a year, comprising a 5.5 per cent royalty on turnover and a 4.5 per cent margin on supplies.

However, the range of prices is very wide. A typical "job franchise," such as selling double-glazing or undersealing cars, might cost as little as £1,000. It should provide net incoma in the £15-£20,000 range

At the other end of the scale a fast food restaurant chain might require a francbisee to spend £75,000 for fixtures alone. Can people new to small buainses raise that sort of money?

Mr Stern says they can. Many successful franchisees have been redundaot executives with managerial skills anda willingness to work hard. They may have had about £20,000 of severance money. NatWest is prepared to lend up to 70 per cent of start-up costs if it is happy with both francbisor and franchisee.

This policy has seen many advaoces in the £50,000-£70,000 range and some over £100,000. Mr Stern says that the bank has actually gooe aa high as £200,000 when it was sure that the people cooceroed could put the capital to work successfully in the particular market.

The other clearing hanks also offer financial packages to franchisees and some franchisors have particular aragements with a specific bank. It will usually he quicker and simpler for a franchisee to use these.

Why the banks are happy to lend such relatively large amounts to franchisees is that provided a reputable franchisor picks the right sort of franchisee, returns can be very fast. Mr Stern says: "Somebody else has already been down that particular learning curve. A good franchise will lead to pay-back after only three years."

Not all franchises are good, of course. Some have heen on the murky borderline of pyramid selling and the BFA is very keen on stressing its commitment to a "clean" industry. It suggests that BFA membership, which requires an "ethical" code of practice, is a good indicator of moral worthiness.

Mr Stern says that a very practical indicator of the above-board is the difficulty involved in being accepted as a franchisee. Mr Moshe Gerstenhaber, a leading memher of the BFA's council and the British franchisor for the Kall-Kwik chain of high street printing ahops, puts aplicants through a three-stage interviewing process designed to select only thoae most likely to succeed.

He says: "We look for several important things. We want paople with the strength to persevere, who also have a desire to be rich and call their own shots. The question we ask ourselves all the time is whether they have the quality to atick at it. Stickability is a key factor. If they follow our system they will do well."

Sucb tight selection has resulted in Kall-Kwik having only two failures among franchisees in five years. The company is now at 100 outlets and is geared for continuing expansion. Significantly, perhaps, for a group of workers who often find it difficult to rise far in conventional management careers, more than a third of the franchisees are women, some in partnership with husbands but others with other women or men.

From the franchisee's point of view, tell-tale signs of a good franchisor are a proven record of success, a clear management manual and established procedures for running the business in the most efficient manner. Obviously, judgment will he difficult if the franchise operation is a new one, but the BFA is always willing to give references and advice and the banks can provide status reports.

What all this means, of course, is that franchising is not an easy option, no matter how sheltered it might appear. It requires a two-way commitment, so both parties are well-advised to select each other carefully.

The BFA survey revealed a strong regional bias in franchising, which is one reason why expansion is forecast—the most under-represented regions, tha North and the North West, are expected to start catching up with London and the Home Counties, which at present account for 49 per cent of franchises and 44 per cent of franchise units.

Turnover growth in those existing units has proved rapid; the more established ones saw annual sales rise to an average of £270,000 in 1984 from only £79,000 five years earlier. Once having plateaued in one unit many franchisees expand by huying another.

That is another reason for expansion. So is the declared aim of existing franchisors to expand numbers of units 4.5 times to 37,000 in the next five years. At the same time numbers of franchises are growing at 10 per cent a year. Optimism or not, franchising represents a continuing opportunity for any able person determined to be successful in small business

● Mr Tony Lorenz, head of the British Venture Capital Association

● Left: part of Bisgood Bishop's USM pitch at the London Stock Exchange

Key source of equity capital

Unlisted securities markets

WILLIAM DAWKINS

MOST SMALL companies with growth prospects unashamedly view a flotation on the Unlisted Securities Market as the pot of gold at the end of the rainbow.

With well over 320 paper millionaires in its ranks, the USM appears an attractive way for entrepreneurs to cash in on years of hard work and risk-taking, while et the same time raising development finance for their companies.

Those qualities have helped the USM to grow, since its formation in November 1980, beyond the highest hopes of its creators to become the largest single source of equity capital for small businesses in the UK, and a prime force in bringing the importance of small firms as an economic power into public consciousness.

The USM was set up partly in response to the 1978 Wilson Committee report on small firms. This drew ettention to the fact that a full stock exchange listing was prohibitively expensive and difficult to achieve for many young companies.

One side effect of that problem was the growth outside the official portals of the Stock Exchange of a shadowy, largely unregulated share trading market, which was proving an embarrassment to the regulatory euthorities, not to mention a risk to investors.

In the five years before the USM opened its doors, just 60 UK companies had gone public on the stock market. By the end of March 1985 the USM had attracted 353 groups, proving beyond doubt that it had released the pent-up demand for equity finance identified by the Wilson Committee.

Of that total, 42 companies have graduated to a full listing, indicating another of the USM's key functions—to open a relatively easy route to the senior market. Another 16 groups have been taken over, seven have been reorganised, five heve been carried off to the corporate graveyard, and one new issue has been cancelled, leaving e current total of 283 quoted USM securities.

Those companies have raised just over £803m from their flotations and subsequent rights issues, according to the Stock Exchange. Something over a quarter of that total—£225.3m—went straight into the pockets of directors selling shares on their company's market debuts, with the rest going into the coffers of companies to be used for their own development.

In spite of its extraordinary growth, the USM is only a midget in stock market terms. Its total market capitalisation grew by 22 per cent to £2.9bn in 1984 (even after losing graduates capitalised at £600m), but that is just two-thirds the value if ICI.

In setting the rules for entry to the USM, the Stock Exchange euthorities attempted to strike e balance between creating e liberal environment for young, fast growing companies and protecting investors and their own reputations.

USM entrants have in practice tended to set themselves entry requirements well above the minimum, so that many of them could theoretically bave got a full listing, assuming they were prepared to pay extra for the privilege.

Perhaps the most important USM entry requirement is that companies need issue only 10 per cent of their shares to the public, as against a quarter on the full market. This is an important consideration for proprietors concerned about independence, as well as for directors who want to keep as much equity as possible because they believe its value will appreciate.

In practice, however, the average USM company releases 25 per cent of its equity on flotation, and the average proportion of free equity for the junior market as e whole is 34 per cent; reflecting sponsors' concern to avoid the over-narow markets which bave become a hall-mark of the USM, and the extent to which companies have released more shares through rights issues.

USM entrants need only have e three-year trading record as against five years for a full listing. Again it is rare to see a USM debutant actually make use of that minimum requirement, though a concession to allow start-up companies to join the junior market so long as they bave a fully-researched project has proved temporarily popular.

Roughly e dozen start-up ventures have joined the USM, most of which are trading below their issue prices after having tried investors' patience sorely with a rash of rights issues, mounting losses and unexpected setbacks.

Problems like that may be par for the course for seasoned venture capitalists, but they have been an area of real concern for the USM, which not surprisingly has not admitted a greenfields company for almost a year.

The relatively low cost of getting a quotation is another key attraction of the USM. A full market offer for sale currently costs well over £600,000. By permitting less onerous advertising and disclosure requirements, the USM has reduced issue costs to around £150,000 for a share placing (only available to companies selling less than £3m worth of shares) and £355,000 for an offer for sale.

However, USM flotation costs are still in line with those on the main market as a proportion of the value of the shares being sold—between 8 and 9 per cent.

It is worth bearing in mind that the hidden costs of management time taken up in preparing for a flotation can be substantial. Few responsible sponsors will attempt to arrange a quotation in less than three months, during which the company might have to undergo some radical changes and the directors will come under fierce pressure.

A new company structure, for instance, is very frequently needed. Many private companies sensibly organise themselves along disparate lines, with several ostensibly independent trading satellites linked to a central office, so that the failure of one part of the group will not easily bring down the rest.

Public shareholders, unfortunately, will find such an errangement completely unacceptable. They need to see a cohesive group, so that there is no risk that directors' attentions might be divided between public quoted and private arms of the same company.

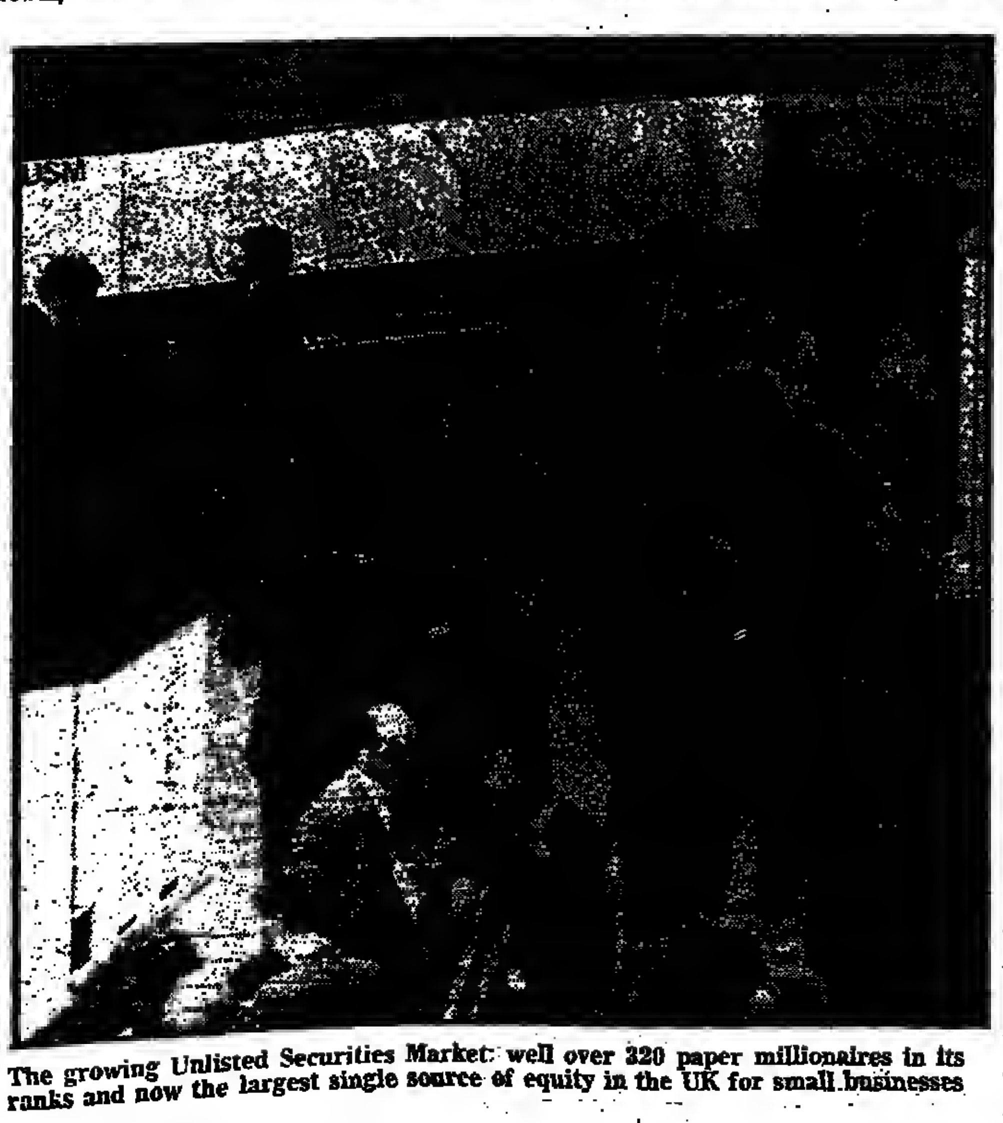
It is also worth bearing in mind the possible drawbacks of a USM quotation. The company may well ettract the attentions of an unwelcome bidder if it releases a high proportion of its shares—though the converse of that is that it will probably get e much better price than if it was being taken over privately.

Management may well find its freedom inhibited by the continual scrutiny of stockbroking analysts, shareholders and the press.

Founding investors should also consider how to handle the potentially large Capital Gains Tax and Capital Transfer Tax liabilities they may incur if their holdings reach a high market value.

On the other hand, the advantakes of a USM quotation can be substantial. USM shares are a useful currency for acquisitions—an important benefit for young companies short of cash—while several groups have found that a quotation has improved their standing with suppliers, customers and bank lenders.

The preparation for a USM launch, while frequently traumatic, can also be beneficial by forcing a company to take a critical look at its strategy, and to identify and overcome any management or structural weaknesses.



The growing Unlisted Securities Market: well over 320 paper millionaires in its ranks and now the largest single source of equity in the UK for small businesses

Enthusiasm is unabated

Surge of venture capital groups

WILLIAM DAWKINS

THE SURGE in the supply of venture capital in Britain is continuing unabated, spurred on by the arrival of some powerful new players, a supportive Government, and—some fear—investors' over-optimistic hopes.

The number of individual venture capital management groups has mushroomed over the past five years from around 20 to more than 100. Well over £500m has been raised during that period from private and institutional investors specifically for venture capital—and that does not include the substantial sums placed by 3i (formerly Investors in Industry) or by non-specialist investors.

Meanwhile, the size of the funds being put together by ventura capital groups is increasing. Advent Capital, the U.S.-inspired group set the tone for 1985 when it announced at the turn of the year that it had raised £36m in the largest ever fund raising exercise by a British venture capital company.

Since then, two merchant banks, J. Henry Schroder Wagg and Robert Fleming, and the independent venture capital group, Baronsmead, have each pulled in more than £20m.

Their enthusiasm is symptomatic of a growing recognition by powerful institutional investors that they can reap generous rewards from properly handled unquoted situations. Big institutions' appetites have been whetted by the successful stock market flotations of venture-backed companies like Sarasota Technology, Instem, Wardle Storey and DPCE.

Overshadowing that excitement, however, is a feeling of caution stemming from the sharp decline in the prices of high technology stocks quoted on the U.S. over-the-counter market last summer, at least partly caused by the over-optimistic valuations attached to venture-backed companies on the West Coast.

A slightly less dramatic shake-out followed in the UK, when the prices of electricals stocks took a battering on London's Unlisted Securities Market (USM). But the number of USM high technology flotations have dwindled noticeably in recent months, pointing to a possibly tough time ahead for venture capitalists seeking to realise profits by floating investments in that sector.

Quick route

The USM's formation in November 1980 (see separate article) has played a significant role in the growth of the venture capital industry in Britain by offering for the first time a quick route—three years after start-up—by which investors and management can cash in on their risks. The U.S. equivalent, the OTC, gave the same kind of stimulant to American venture capital in the 1970s.

Further impetus has come from the establishment in the UK of the Business Expansion Scheme (BES) two years ago. This allows investors in unquoted companies to claim tax relief if they keep their shares for five years. According to the Treasury, 20,000 individuals invested £100m in more than 500 companies under the BES in 1983-84, and over half of that sum went to new businesses.

The BES was chiefly intended by the Government to draw private shareholders into making direct investments. But it has also inspired City institutions relatively new to venture capital to set up managed funds.

There were 34 approved BES funds in existence in 1984-85, according to Venture Economics, the London research consultancy. They raised about £44m between them, just ahead of the £41m raised by the 22 funds set up in the previous year.

Other less easily quantifiable encouragements to UK venture capital include the range of incentives for small firms introduced by the Government, an awareness among big investors like pension funds and insurance companies that long-term investments could play a more important part in their portfolios, and a general desire to repeat in the UK the large gains scored by North American venture capitalists, notwithstanding last year's experiences.

Perhaps the most important change in the UK venture capital sceno over the past year or so has been the growing involvement of merchant banks. Some of them burned their fingers and jeopardised their reputations on unsuccessful small high technology investments in the early 1970s.

They have returned to the fray in force, partly because of a recognition that investing risk capital is a useful way to forge links with young companies that might grow into the important fee-earning corporate clients of the next decade.

A recent survey by Venture Economics showed that 12 of the 16 accepting houses are now "major players" in venture capital as fund raisers (like Morgan Grenfell, which acted for Advent) or as fund managers in their own right.

Merchant banks bave been making direct unquoted investments for many years, though this has usually been with an emphasis on established businesses. Barclays Merchant Bank was the first to set up a formal venture capital unit separate from the rest of the group, with the formation of Barclays Development Capital in 1979.

Its example has been followed in the past 18 months with the establishment of similar units by County Bank—which has the largest development capital fortfolio of all the merchant banks—Robert Fleming, Guinness Mahon, Kleinwort Benson and Rothschilds. Lazard Brothers has also set up a specialist venture capital division, though the investments themselves are still handled by teams spread throughout the group.

Merchant banks raised almost half of the £145m which is estimated to have been subscribed for independent venture capital funds in 1984; a function which they are well equipped to perform in view of their position as advisers to £43bn of pension fund investments and the strong U.S. links forged by many of them.

The trend they are showing towards setting up separate specialist venture capital units indicates their ewareness of the fact that risk equity demands unusual skills outside the scope of most conventional fund managers. In this respect, the City is still divided between two quite different approaches to venture capital.

The oldest established players in the UK industry, like Charterhouse Development and 3i, tend to handle their portfolios on the basis of using investment and other financial expertise to pick successes—an approach advocated by many, though not all, merchant banks.

Newer protagonists, like Advent and Alan Patricof Associates, advocate the U.S.-style "hands off" discipline, which in theory at any rate means adding value to investments by contributing marketing, technical and general managerial skills to the companies concerned.

"Hands on" has become so over-used as to be almost meaningless in the UK. How many British fund managers are capable of following this approach with the same degree of success as their more seasoned U.S. counterparts is open to question.

Their strengths or weaknesses, however, will undoubtedly be exposed as the UK venture capital industry emerges from its first flush of enthusiasm to encounter the growing pains which surely lie ahead.

Micro maze has many traps

Microcomputer market

(UK business systems valued at £1,500-£3,499)

Snppller	% value installed
ACT	16.4
Commodore	12.8
IBM	11.6
Apple	11.5
Sanyo Marubeni	5.1
Triumph Adler	2.8
Hewlett Packard	2.6
North Star	2.3
Intertec	2.3
Tandy	2.1
Others	30.5
	100% = £300m

Source: BIS-Pedder Ltd

Popularity of leasing equipment

ALTHOUGH SMALL businesses are faced with a bewildering choice in the personal computer market, there is plenty of scope for costly mistakes by today's office equipment buyer.

A photocopier, for example, is usually the single most expensive item of equipment in the office, apart from a computer, but here the buyer is faced with a choice of more than 140 different models, with an ever-increasing range of desk-top machines from Japanese manufacturers.

Many small businesses choose to lease their office equipment; the leasing level of copiers, for example, may be as high as 80 per cent.

Leasing arrangements have a particular appeal to new companies, since the office environment is often an important factor in giving clients their first impression of the business. Its image, efficiency and management techniques may all be pre-judged from this initial contact.

BUYING a microcomputer can be one of the most confusing and risky decisions in the life of a small business.

With more than 300 different personal computers on sale in the UK from around 2,500 dealers, it can seem like steering through an expensive high-tech maze. And the final destination can make all the difference between improving your company's efficiency and creating a financial disaster.

According to trade surveys, approximately £60m is wasted every year by companies buying useless computers. Nobody has yet tried to measure the millions lost by businesses which went bankrupt partly because they bought systems which they failed to understand or which were inappropriate to their needs.

Meanwhile, computer dealers are striving harder than ever to make beadway in the small business market. Most of the big corporations were computerised years ago, and an estimated 90 per cent of the small businesses which could benefit from buying a micro have not yet so.

Understandably, many first-tima micro buyers find it hard to know where to turn for advice. It is well known that dealers' advice can be off distinctly variable quality. The magazine Which Computer? recently sent a fictional small company to 12 top computer chains only to find that none of them could suggest equipment which would precisely meet the company's fairly uncomplicated needs.

Yet small businessmen find it bard to justify paying anything from £40 to £100 per hour for expert advice from a consultant, especially when similar information aeems to be available free from the dealers or from computer magazines. After all, their survival as entrepreneurs depends on trimming unnecessary costs.

If you do choose an independent consultant, you should be aware that his opinions might be coloured by the discount deals he is likely to bave with manufacturers. For that reason, specialist computer consultants are probably more appropriate for second-time buyers who already know roughly what they are looking for.

First-time buyers would do well to consider an independent guide like the National Computing Centre's Microsystems Centre and its 18 regional offices, where the uninitiated can try out different systems under expert advice, unbiased by any links with computer groups.

Choosing a computer

WILLIAM DAWKINS

Most of the big accountancy firms, and some of tha smaller ones as well, have developed microcomputer advisory divisions as extensions of their management consultancy activities and as a way of making fuller use of their existing client base.

Their services do not come cheap—£800 will cover a basic four-day programme from Arthur Young, for instance. But it clearly makes sense to take the advice of your auditor'a firm if you believe that buying a micro should do more for your financial controls than for any other part of your business.

So how can you negotiate the microcomputer maze without getting lost? Before you start, it is worth getting into perspective the likely cost of the exercise and what you expect to get out of it.

A steep decline in hardware prices in recent years has made computers look deceptively cheap. But the price of software—the set of instructions which tell a computer what tasks to perform—has not gone the same way because it is labour intensive to produce.

The hidden costs, like staff training, consultancy, and manually loading paper files into the computer's memory, can often be more than the cost of the equipment itself.

As for expectations, it is foolish to hope for too mnch from your micro. Its job is to automate the information you already use to run your business. So if you expect a micro to be a cheap way of solving management problems, you will be disappointed. It will only speed up the mess, and could even make matters worse.

Indeed, it is because of the intimata links which often occur between management and computer problems that accountancy firms' computer advisory services tend to work very closely with their general management consultancies.

The first choice you need to make concerns software. There is very little to choose technically between different makes of bardware in a given price range, but not all hardware will accept the software you need. Most small companies will probably be able to use an off-the-shelf software package, which might need a little tailoring to suit their special needs.

Individually written software will cost many times more than a package, so think twice before accepting an entirely bespoke system.

To be abla to maka that decision, you need to write out in great detail wbat tasks your computer should perform. These might include stock control, financial planning (for which a spreadsbeet package would be needed) or sales analysis. You should also giva thought to the number of workstations required, bearing in mind the pumber of people who will be using the computer simultansously, as well as printers and other accessories.

That information will enabls your adviser or dealer to specify the software to suit your needs and a package to run it on—or at the very least to offer suggestions that will make aense to you.

Before completing the purchase, it is also important to establisb wbether the dealar can offer training, advice, repair and maintenance. This is often available through a standard annually renewabla contract and can save a great deal of management time in the long run, for few computer installations have ever failed to throw up unexpected hitches.

Financial planning: the right computer and software package can do wonders for a company's financial control, but the wrong one can lead to disasters.

William Dawkins offers an overall guide to the products available in the over-crowded computer market, since many first-time micro-buyers find it hard to know where to turn for independent advice

Other writers highlight developments in accounting services and pension schemes; a properly designed pension scheme plays an important part in business planning.

There are now more than 300 different models of personal computers on the market and the choice is growing continually: above, Triumph Adler's P50 microcomputer, which is due to be lannched shortly. The makers claim that the new model is "two or three times faster than the IBM PC." In the fast-growing software sector there are now at least 800 different accounting packages available for microcomputers. For many small businesses, choosing the right system involves steering through a high-tech maze.

Accountants seek wider advisory role

FOR MANY small businesses tha accountant is merely their interface with the Inland Revenue but the Government would like to see them used much more as professional advisers playing e key role in business planning and davelopment.

Recently it ran a campaign on this theme with the help of Lloyds Bank and the Institute of Chartered Accountants. The campaign took the form of a £50,000 video film—paid for by Lloyds—dramatising small business life and some typical calamities. The accountant, e sole practitioner specialising in small business work, gradually emerges as the hero.

The Government put up £16,500 to show the film at seminars at 50 venues during the early part of this year, with each seminar led by a chartered accountant—in most cases a sole practitioner or a member of a small firm, the implication being that such are the best advisers for small businesses.

One value of this sort of relationship is that the accountant is also a small business owner. In the majority of cases, where businesses are probably never going to be spectacular performers, this makes a great deal of sense. Among other things, fees are likely tn be on a scale both businesses can easily relate to.

Increasingly, however, large accountancy firms are challenging this conventional wisdom. To some extent this has been prompted by market opportunity: big business has been hit by recession, hindering development of fee income, while the small business sector has been burgeoning. But do small businesses need big business accountants?

John Smith, national director of the business services group (BSG) of the accountants Arthur Young, thinks that the large practices bave one unique selling point: "We can aolve big problems qnickly with any specialised service yon might need," be says. "While the high street practitioner abould eventually be able to obtain similar advice, it will take longer and cost more."

Mr Smith says that Arthur Young was the first of the top ten accountancy firms to move into tha small business market. It started in 1978, wben Mike Davia returned from two years' secondment to tha Industrial Development Unit and produced a report suggesting that the market was worth pursuing.

Mr Davis now runs the BSG—as Arthur Young calls its small business department—in Manchester. The market has certainly materialised: wben tha BSG started it had 20 staff, all in London. In six years it has grown to a national strength of 250, with 110 of them in the capital.

Crucially for Arthur Young, its BSG contribntes 10 per cent of the practice's fee income. Tha development of the market has led to the BSG having a career development structure of its own within Arthur Young, which Mr Smith says the other large accountancy firms have yet to emulate.

Nevertheless, small business departments are run under various titles at Peat Marwick, Coopers and Lybrand, Deloitte Haskins and Sells, Price Waterbouse, Ernst and Whinney, Touche Ross, Thornton Baker, Arthur Andersen, and Thomson McLintock.

Benefits may be indirect: for example, John Ormerod, the man in charge of Arthur Andersen's small business group, bas produced some useful publications, including one with the British Venture Capital Association on preparing business plans. The association bas plans to prodnce other practical booklets with its associate members in the eccountancy profession. Modestly priced, such information is useful to the wbole small business sector, whether clients of the big firms or not.

Consultancy services

IAN HAMILTON-FAZEY

Deloitte Haskins and Sells, like Ernst and Whinney, use the title "general practice" for their small business sections. Thia is probably the most descriptive label for wbat any small business's accountant actually does.

Mr Smith says: "Most peopla in our BSG are general practitioners. They only deal with small clients but can call on the full range of Arthur Young apecialist services as and wben required."

He believes that this scotches fears that big practices may not giva value for money, are impersonal or care only for big clients.

Among specialised services is one that is crucial for many small businesses — computer selection—although the way costs are kept down to the £1,000-£1,500 range is to use as much do-it-yourself tecbnique as possible for the small business to work out its own needs. However, that analysis is no bad thing in ensuring that the computer's capabilities are fully understood.

Other examples include dealing with VAT queries: a senior VAT manager within a large practice can deal with a complicated query in minutes while a general practitioner would take half a day. "In effect, that advice costs the client pothing," Mr Smith says.

Tax planniog is also cheaply available, as is advice on recruitment of key staff, though in the latter case Arthur Young can also do all of the donkey work and present a client with a short list for final interview. Economies of scale mean that this latter service could be available at only a fifth of the cost of a small business using a recruitment agency for the same thing.

The large practice's network can also be useful, particularly to small businesses trying to sell to such customers as the Ministry of Defence or, as in one Arthur Young example, the U.S. Nevy. "We can open a lot of doors. We have nearly always got someone here who knows someone," Mr Smith says.

Is it more expensive to use the big firms? In absolute terms the answer is probably yes: but that can mean good value for money if a small business can make effective use of those specialised services.

Arthur Young likes to see its clients growing and profitable, which will usually mean no problems over affording fees, and a definite need for specialised advice anyway. Such clients are then the most likely to need belp raising more capital for growth—the big firms have excellent City contacts—or advica on how to proceed towards public flotation, where the big firms again come into their own.

All this means that there is a definite profile for tha most suitable type of client: growing, probably rapidly, probably in high technology, with reasonable prospects of making the Unlisted Securities Market in the medium term. But the run-of-the-mill small business will almost certainly find it harder to get value for money.

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Stay-as-you-are budget decision on tax structure of pension schemes wins chorus of approval

Industry sighs with relief

Pension schemes

ERIC SHORT

To enjoy the good life in later years it is essential to plan well ahead on pension arrangements. Above: dinner at sea, aboard Cunard's M.S. "Vistafjord"

WHEN MR NIGEL LAWSON, the Chancellor of the Exchequer, announced that he was not making any changes to the tax structure of pension schemes, it was not only the pensions industry that heaved e sigh of relief.

The whole small business industry, or et least those who understand and appreciate the role of pension schemes in their business affairs, also joined in the chorus of approval.

The state pension scheme does nothing for the self-employed and very little for controlling directors of small corporate organisations.

So if the self-employed and controlling directors want to look forward to an adequate income in their retirement then they need to make their own pension provision.

However, most entrepreneurs are too busy building up their businesses to devote much ettention to setting aside assets into a pension scheme and most of them regard their business as their pension.

They tend to regard money put into any pension arrangement as money lost to them forever, or at least for long enough to be of no use to them.

Cash drain

National Insurance contributions into the state pension scheme are effectively a payroll tax. But the same is not the situation for a private pension arrangement. This should form part of the overall corporate financial planning of the small businessman.

For many businesses, once established, their main source of finance is money generated within the business. However, retained earnings have to be made out of after-tax earnings. Although tax rates are coming down, they still represent a drain on resources. And the money put aside is accumulated on a net basis.

Pension contributions in contrast ar paid out of gross earnings and the accumulation is on a gross basis. Thus, money put into a pension scheme can build up very much faster than money simply retained in the business.

But then comes the question of using the assets of the pension fund to finance the business. In theory, those assets are locked away. In practice, there are ways of unlocking those assets.

First there is the straightforward method of the businessman taking a loan from his pension arrangement. However, there are different loanback arrangements varying with the type of pension scheme.

If the businessman operates on a corporate basis with his own self-administered pension scheme, be simply arranges e loan with the scheme. Since he will certainly be one of the trustees of the scheme, he is in effect borrowing from himself. Thus, loans are effectively automatic.

The Superannuation Funds Office (SFO) of the Inland Revenue, which monitors pension schemes, permits these executive pension arrangements to lend up to 50 per cent of the scheme's assets back to the parent company at commercial rates of interest. Such loans then form part of the underlying assets of the pension scheme. Redemption terms have to be agreed with the SFO.

But although a commercial interest rate has to be paid, the businessman does not have to fulfil the other criteria, as with loan facilities from a back. He does not have to justify the purpose of the loan or demonstrate the financial health of his company.

This is of prime importance if the company is having a bad financial experience. The company can borrow from the executive pension scheme to tide itself over thet bad patch.

The Leicester-based firm of employee benefit and financial services, Pointon York, a pioneer in small self-administered executive pension schemes showed in a recent survey that one-in-five had successfully used loanbacks from the pension scheme to get themselves out of trouble.

If the executive scheme is with a life company, similar arrangements apply. The loan facility is automatic with no reliance on financial health or purpose of the loan.

With the self-employed the situation is e little different. Self-employed pension contracts can only be arranged with life companies. But all life companies now offer loanback arrangements on these contracts.

One version is for the life company to offer automatic loan facilities to the self-employed up to the accumulated value of hi-pension contract. The loan becomes part of the underlying assets for the pension scheme.

Under the other version, the life company has an arrangement with a banking institution whereby that institution lends a multiple of the annual premium paid into that pension scheme—up to 21 times the premium. Security will have to be lodged with the institution, but the loan facility is often automatic for professional self-employed persons.

The parent company gets tax relief on the loan interest, while the pension fund, being tax exempt, can reclaim the tax paid. This adds to the tax efficiency of these loanbacks. If the loan is arranged correctly the company should be able to pay the loan interest gross and claim the tax in its overall tax bill.

Similar considerations apply to loanbacks on self-employed pension schemes. If the loan is for business purposes, it is tax deductible but, all too often, the self-employed get their business arrangements mixed in with their private requirements.

The second method of unlocking assets is for the pension scheme to use its money to finance capital projects for the parent company and then rent or lease it to that company.

For instance, a firm looking for expansion could bave the pension scheme finance the building of a new fectory and then rent the factory to the company. If development grants ere involved, it may be tax efficient for the company to build the factory using money borrowed from the pension scheme, then et a later dete, organise e sale and leaseback arrangement with the pension scheme to repay the loan.

Like loan interest, the rents paid by the parent company are tax deductible, while the pension scheme can reclaim that tax. In addition the pension fund could purchase the equipment for the new factory and lease it to the parent company. The tax implications need to be considered carefully to decide which method to use.

Finally, as far as the corporete controlling director is concerned, his own self-administered pension scheme can provide financial help when a member of the family wants to sell his or her shareholdings. The pension scheme can buy the shares, on a market basis, and avoid those shares going to an outsider, without the director having to find the cash.

All these exercises would imply that the pension scheme has quite large resources, a point that many directors cannot visualise. Since the contributions paid obtain tax relief and the roll-up is gross, it is usual after a few years for the pension scheme to be worth more than the underlying corporate body.

If the scheme is started early, it can provide a useful source of finance in future years.

Here and on the following page FT writers highlight the fresh focus of attention in individual countries on the small business sector.

Sprinkling of new benefits

W. Germany

IN WEST GERMANY, as elsewhere in Europe, a political swing to the Right has brought a new focus of ettention on small and medium-sized companies, those supposed repositaries of the virtues of free enterprise to which liberals, conservetives and, in the case of this country, Christian Democrats proclaim themselves attached.

And it is fair to say thet in tbe 2½ years it has been in office, the CDU-CSU-FDP Government of Chancellor Helmut Kohl has been as good es its word. Budgetary aid, tax concessions and the like have been sprinkled upon the sector as liberally as a fiscal policy committed to "consolidation" has allowed.

In addition some scant progress has been made towards reducing red tape, an affliction to which West Germany, with its three layers of Government and its proneness to put its faith in bureaucracy, is as vulnerable as any country.

The reasons for the enthusiasm of the Centre-Right for small business are evident enough. Some 90 per cent of the 1.8m companies in West Germany employ 50 people or less. But they provide two-thirds of all jobs and 80 per cent of apprenticeships, under the country's long-established job training system.

Overall the Federal and regional governments provided some DM 11bn of assistance to the sector in 1983, in the sbape of loans, interest rate subsidies, guarantees and other incentives: and that figure is likely to have climbed further during 1984.

On top of this come broader initiatives, such as the recent moves to stimulate venture capital companies, tailored to give smaller, innovative concerns indirect eccess to West Germany's markets, and to make DM 500m of public money available for these to take on extra research and development staff.

In this way, the Government hopes small enterprises will be able to generate new jobs and make e dent, st least, in an unemployment total of some 2.5m, or nearly 10 per cent of the workforce. But substantial obstacles still stand in its way.

One specific problem has been the collapse of the domestic construction and building industry, which alone is involved with around one-third of the total output of the national economy. Another is the chronic undercapitalisation of industry in West Germany—not unconnected with one of the West's most lavish social security systems. Most small companies are 15 per cent or less self-financed, compared with 40 per cent in the U.S. to give but the most glaring comparison.

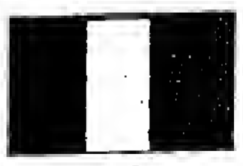
Another difficulty is the comparative rigidity of the union structure. "I work a 60- or 70-bour week, but here are the trade unions insisting their members put in no more than 38.5 hours," is a typical comment to be heard from small entrepreneurs.

A measure of the difficulties small companies face was the forecast in early April by the Nstional Craftwork Federation, whose members are overwhelmingly small companies employing no less than 3.9m people, that up to 40,000 jobs in the sector will vanish in 1985.

But a more hopeful portent, perhaps, was the fact that for first time since the war, the number of craft or "Handwerk" companies rose in 1984—by 0.3 per cent to 493,600. This may still be a far cry from the 886,500 officially registered back in 1950, but it is at least a step in the right direction.

RUPERT CORNWELL

A key sector of the economy



Italy

THE standard article on Italian business used to begin by listing tbe sluggish performance of the major Italian industrial companies, and then contrast this with the extraordinary dynamism of the little companies especially those in recently industrialised areas which hardly enyone had ever heard of.

Times have changed. The major private Italian industrial coocerns are, in their different ways, European leaders — in profits, or efficiency, or market shere or in simply having survived. The little companies have passed out of the limelight.

Their existence has ceased to be a curiosity, and in fact many concerns which had a semi-legal backstreet existence in the 1970s are now legitimate companies with a brass plete and full registration with the tax end other authorities. But small business still thrives in Italy, as figures showing 255,000 start-ups and 163,000 shutdowns just in 1984 indicate.

Indeed, the emergence of many businesses from the grey into the official economy produced a jump in the statistics on workplaces between 1971 and 1981 thet may have been misleading. It suggested that the number of employees per company was actually declining, which even given Italian individualism was hardly plausible.

Small businesses are probably more important to the Italian economy than to that of any other European country. There are whole areas of central Italy where industrialisation, which is extensive, consists almost entirely of businesses employing less than 100 or even 50 people, and most of them far fewer than that.

But unlike, for example the UK, the drive to create small businesses has come from the bottom rather than the top. Rather than governments, large corporations and those who work for them feeling the need for smaller concerns and abandoning bigger ones to start them up, in Italy the process is usually different.

Although there was a drive to decentralisation in the 1970s, many of the classic Italian small businesses are the creation of people who have never been in industry before, in areas where industry barely existed—often farming ereas where peasants have turned into successful industrialists while keeping their small farms and their land.

This is why Italy does not offer as many useful lessons on small businesses as one might expect in a country like Britain, as it tries to decentralise. In fact while Britain is seeking ways to deregulate, Italy is now moving in the opposite direction.

There have been relatively few active aids for small business in Italy—few grants, not many subsidised loans and so on. Insteed Government has allowed small businesses to develop on their own. It has not interfered much with where these businesses are sited—so that much of the Italian countryside bas been scarred by miles of little roadside factories and warehouses. It has allowed firms employing less than a certain number of people to evoid certain employment regulations, while family companies have had very generous tax treatment and family members excused social security and pension contributions.

But that is now beginning to change. Early this year Parliament approved a law which will allow the taxman to extort far more tax from small businesses, whether shops or artisanal concerns. The taxman will be allowed to make assumptions about a business's profits on the basis of its turnover, and the payment of value added tax is going onto a forfeit system.

Family businesses will no longer be allowed to divide up their profits among a large number of family members in order to evade tax—the boss must declare 51 per cent of all the business's profits.

It is e harsh law, but one which is expected to change the Italian business scene, and Italian life with it.

JAMES BUXTON

New measures to stimulate venture capital

France

THE FRENCH Government has continued to increase the battery of support measures to encourage tha country's small business sector and the creation nf new small and medium-size enterprises.

Just after Easter, it announced new legislation to stimulate venture capital in France by making it easier, and financialty more attractive, to set up venture capital groups.

This legislation follows a panoply of new measures that have been introduced in dribs and drabs over the past 18 months. The Government is keen to encourage the creation of small enterprises because it sees this as a key component in its efforts to offset joh losses in traditional large industrial sectors, which are at present undergoing profound restructuring.

Moreover, the outiook for the small business sector is not as encouraging as statistics might suggest. While growth in small business creation has continued at around 3.8 per cent during the past year, the rate of bankruptcies has been higher at some 9.2 per cent. At the same time certain sectors have been badly hit by recession, particularly the building industry.

After the first package of support measures for small businesses and venture capital were announced in the spring of 1984, the Government announced a second package at the end of last summer.

Following up the earlier financial and fiscal incentives, it was decided to cut through some of the red tape involved in setting up a new business; the aim being to cut administration and procedural delays in registering a new company to a maximum of one month, compared with several months previously.

Under the new simplified rules, company statutes can be contained in a two-page document instead of 40 or more in the past. A salaried employee of a large company wishing to create his own enterprise can now domicile his new venture in his existing place of work or his bome.

These measures reducing the amount of red tape involved in striking out on your own have now been followed by further financial and fiscal incentives. Among these is a financial scheme intended to assist those starting their own business. This involves a new Business Savings Certificate which provides similar advantages to those wishing to start a company as a building society does for those wanting to buy a house.

The new certificate gives the budding entrepreneur access to cheaper longer term loans after an initial period of low remuneration savings. The entrepreneur must in fact save for a minimum of two years to be entitled to the lower cost loans.

Stimolus

The French economic authorities bope that the new scheme will be widely used by those wanting to set up business in farming, tha liberal professions, commerce and tourism, as well as by founders of small industrial enterprises.

However, its principal aim is to encourage executives or company employees seeking to start a business of their own but who do not bave tha necessary capital.

A further stimulus recently announced is the Finance Ministry's decision to simplify the system nf soft loans to small businesses.

Under the new system, commercial banks will also be able to advance soft loans to cottage industries (which employ some 1.8m salaried workers in France). Up to now, only special co-operative credit institutes, like the Credit Agricole, the Banques Populaires and the Credit Cooperatif, were able to grant such loans.

PAUL BETTS

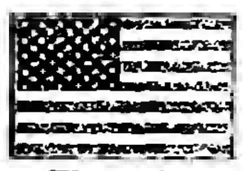
Above: Hewlett-Packard engineering graphics system being used in micro-computer research Advanced technology in the U.S. has stimulated the growth of the venture capital business

Big increase in volume of funds raised by venture capital groups

WHEN SENATE Republican leaders and President Ronald Reagan reached agreement last month on a compromise package of spending cuts to reduce the federal budget deficit, the spirits of employees of the Small Business Administration in Washington sank.

In his budget message to Congress at the beginning of the year, President Reagan had singled out the SBA as one of his targets for elimination as he and his advisers searched for savings.

Although the SBA has its supporters in Congress, it was widely admitted that if the agency and the grants it gives to small business were to survive, its best chance lay in a congressional deadlock in which no major budget-cutting action was achieved.



The U.S.

The outlook for substantial progress in reducing the $213bn budget deficit expected for this year remains cloudy, but the compromise package agreed by the Republicans and the President includes, once again, the elimination of the SBA and the $1.6bn a year of federal budget funds it spends and the $3.5bn of federal loan guarantees it disburses.

As a symbol nf the impact of Reaganomics on the small business sector, however, the attack on tbe SBA hardly presents a fair picture. As the administration pointed out in 1983, the SBA provided finance for only 21,500 of the over 17m small businesses from which the Internal Revenue Service receives tax returns.

Moreover, much of the money goes to companies which are already borrowing from the SBA and so, it is claimed, the Government is merely propping up companies which are performing badly. A 20 per cent default rate on SBA loan guarantees between 1979 and 1981 serves to underline the point.

In its report on the state of small businesses last year, the Reagan Administration was able to put a rather different perspective on the impact of its policies on the small business sector than that provided by its desire to eliminate the SBA.

It pointed out for exampla that economic recovery in the U.S. was leading to rapid growth of employment in small businesses, particularly in the fast-expanding service sectors, that corporate bankruptcies which tend to hit small businesses bardest were declining and that, in sum, "the American small business sector shows a strong ability to adapt and grow in times nf both economic stress and prosperity."

Now that the expansion of the economy is showing signs of slowing down, particularly as a result of a rising tide of manufacturing imports, the manufacturing sector's small businesses will be facing a tougher climate.

For the time being, however, the services sector is still showing strong employment growth which implies that smaller companies are still doing well.

The next recession, whenever it comes, will no doubt test the resiliancy of the small business sector. Administration claims that some of its policies have had more than short-term cyclical spin offs for entrepreneurs ring true. Efforts to reduce federal regulation and form-filling have undonbtedly saved small businesses tima and money. Other changes have also been advantageous.

The Joint Economic Committee of Congress recently completed a first comprehensive study of the American venture capital market, a phenomenon which admiring industrial competitors of the U.S. see as one of the keystones under-pinning the vitality of the U.S. economy and its responsiveness to technological change.

The study came to the conclusion that there has been a quite dramatic increase in the volume of funds being raised by venture capital companies and in the size of the venture capital pool. The amount of money available tn venture capital firms increased from around $3.5bn in 1978 to $11.5bn by 1983, despite tbe deep recession and the high interest rates during 1980-82.

A survey by the Joint Economic Committee (JEC) came to the conclusion that public policy had had a major impact in stimulating the availability of vanture capital. In particular, it cited reductions in capital gains tax in 1978 and 1981, reforms in pension fund requirements, the reduction in taxation in 1981 reduced securities and exchange commission regulation, and a revival in stock market interest in new public equity issues, as important factors.

There has also been a rapid growth in the number of corporations who have started their own venture capital subsidiaries in order to try to tap more effectively into technologically innovative segments of the economy.

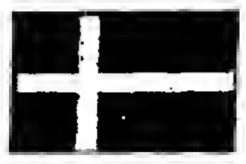
The JEC points out that the sense that the U.S. economy is highly innovative technologically is one of the factors which has stimulated the growth of venture capital businesses.

Summarising its findings, the JEC says that the surge of available venture capital since 1978 has helped to remove a barrier to entrepreneurial activity, a barrier which exists, in part, because large financial institutions are conservative in their risk taking and financing awareness of the availability of venture capital funding appears to have stimulated the demand for such funds.

The greater availability of venture capital funds also seems to hava broadened the palette of financing opportunities increasing the volume of money available for early stage and start up financing.

STEWART FLEMING

Sector hit by high taxes



Sweden and Nordic Regions

THE general situation for small businesses in Sweden continues to deteriorate, according to the Small Business Association in Stockholm.

High tax rates and over-regulation are most often cited as causes for the current problems. Moreover, the combination of large cash reserves in booming export industries with foreign exchange controls has meant that the number of corporate takeovers of independent dent businesses has risen sharply in the last year.

Another major complaint has been the lack of opportunity in the public sector, which remains responsible for such tasks as garbage collection and road work at a time when the service sector of the economy holds the biggest potential for expansion.

Small businesses, defined as those with fewer than 200 employees, still constitute an important sector of the Swedish economy. The proportion of the total employment generated by the these companies has dropped from 38 to 32 per cent in the past decade, according to Statistics Sweden. Heavy social costs and paperwork associated with employment are two reasons given for this decline.

More failures

In addition, bankruptcies in Sweden jumped 21 per cent in 1982 and 12 per cent in 1983, with the bulk of the increase being centred on the small business sector.

A Government programme for Industrial Growth and Renewal, aimed at promoting small and medium-sized business, has been greeted sceptically by industry. The Government measures include SKr 136m in special aid for expansion of small business, and state development aid is sometimes available for high technology development.

The major demand of the industry, however, has been for tax relief to allow the formation of start-up capital and cut the burden on private wealth tied up in plant and equipment. The Government has promised to introduce legislation to allow earlier write offs of start-up costs, but this is viewed in the business community as inadequate.

The formation of a new over-the-counter (OTC) stock market in late 1983 created an important new source of capital for small and medium-sized businesses. On the other hand, the widely touted regional stock markets have proved to be a disappointment.

Meanwhile, Sweden's relatively young venture capital market has seen the heady days of optimism give way to more experienced cautinn, making fund raising more difficult, especially for those smaller companies not engaged in the most promising high-technology areas.

The overall atmosphere in the other Nordic countries is quite diffarent. Finland, for example, where small businesses account for some 43 per cent of the total workforce, has seen a sharp upturn in the number of business start-ups. Loans, loan guarantees and grants are available, and the regulatory environment has been improved.

Discouragement

However, the high tax rate—comon to all Nordic countries—has tended to discourage capital formation in Finland. The Finnish Government has made adjustments in the basis for calculating both income and corporate tax for small businesses, and this has been greeted positively. A small OTC market, operated by individual banks, has just started and has yet to pick np momentum.

The real interest rate on bank loans is at its highest rate in a decade, however.

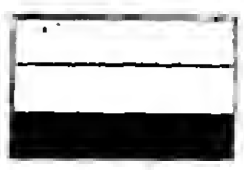
Small businesses in both Denmark and Norway have enjoyed highly positive development under Conservative Governments. One Norwegian industry representative speaks of "An entrepreneurial renaissance."

In both countries the number of new business start-ups well exceeds bankruptcies and closures. Public and private capital is generally easily available, and both the tax and regulatory burden have been significantly eased.

Norway is expected to introduce legislation shortly allowing companies to write off losses, incurred in the early phase of business life, against future profits, while Denmark recently passed a bill making it easier for individuals to accumulate start-up capital.

KEVIN DONE

Moving towards modernisation



Netherlands

TUCKED into nne of Amsterdam's fashionable turn-of-the-century townhouses is a young Dutch company named Ores, a computer-software boutique that exemplifies Holland's drive to promota small business.

Ores was founded in 1982 by a bandful of Imperial Collega professors who wanted to commarcialise their academic expartise in operations research, which mathematically calculates the optimal way of distributing nr mixing things.

The professors set up shop in Holland, the bome of a group member, and are now selling software systems that determine the most efficient physical-distribution route, mixture of animal fodder and type of petrochemical feedstock.

As a new and innovative company, Ores bas attracted Fl 2m in private venture capital and a Fl 750,000 contract under a Dutch Government programme to automate agriculture.

In racant years, the Natherlands has awakened to a fresh need for technological inoovation and moderoisation following the industrial and economic stagnation of the late 1960s and 70s. During that time Holland was plagued by the "Dutch disease," a self satisfaction that stemmed from the burgeoning social-security system built on ample natural gas revenues.

The generous array of unemployment, sickness, pension and housing benefits available to nearly everyone now is criticised as having stunted initiative and enterprise.

By the end of the 1970s alarms were sounded about the need for industrial renewal and innovative technology, particularly among small and middle-size companies. An "innovation bill" in 1979 sowed tha seeds of re-industrialisation and the Government-sponsored Wagner Commission was later formed to sketch ways of achieving this rejuvenation.

The establishment in 1981 of a Government-guaranteed venture capital scheme provided frash impetus for what the Wagner Commission called "a naw iodustrial elan." Whila still modest by international comparison, venture capital provided under the guarantee scheme donbled last year to Fl 74m. An equal amount of venture capital is thought to have bean furnisbed outside the guarantee scheme.

Growing rapidly slongsida venture capitalism is the three-year-old parallel market, the securities market which has more lenient listing requirements that the official Amsterdam Bourse.

The number nf companies introduced on the parallel market tripled to 13 last year and the accelerated pace has continued in the first part of this year. About three dozen companies are now listed on the parallel market, including several young high-tech Dutch concerns.

Co-operation

Small and medium-sized companies (less than 200 workers) account for an nverwhelming 97 per cent of all Dutch concerns and are getting renewed attention. In part that is because domestic-oriented companies, many of which are smaller, have lagged behind the international concerns as the econnmy bas picked up.

Attention is being paid to co-operation between the business community, particularly small companies and educational institutions, with the hope of shifting research more toward commercial applications.

Universities and technical schools have been offered nearly Fl 15m between now and 1988 to establish so-called transfer points with industry, where expertise can be shared. About 10 transfer points have been founded since the early 1980s, thus availing young companies of academic research fnr product and process development.

Similar to the transfer points are three micro-electronic centres that were established to advise small and medium-sized companies about automation. Prompted by a Government report warning of a lag in Holland's industrial computerisation, the three centres were set up in Eindhoven, Delft and Twente—all with access to nearby academic institutions.

Efforts are also being made to consolidate and simplify the plethora of existing aid schemes for smaller companies. In some cases, however, the streamlining has prompted bureaucratic sniping among Government agencies trying to protect their own programmes.

A new innovation-stimulation scheme will provide Fl 1.1bn over the coming five years to cover companies' labour costs involved in research and davalopment. Small companies, which are to get around 70 per cent of the funds, can receiva up to Fl 450,000 per half year to develop new products, processes and services.

The 75-year-old Government industrial Service, which promotes small business, argues that the innovatinn-stimulation acheme is more bureaucratic than the contract-research scheme it replaced.

A subsidy scheme tn promote better management in small companies was reshaped last year to emphasise skills in marketing and quality. The economics Ministry has plans fnr a similar Fl 10m a year programme to subsidise professional management advice for smaller companies, particularly young and innovative ones.

Mr Gijs van Aardenne, the Economics Minister, bas reserved Fl 4m fnr an experimental new-product research programme similar to tha U.S. Small Business Administration's Scheme.

The new elan, in which profit no longer is a dirty word, coupled with the ecnnomic recovery and Government aid, have apparently led more antrepreneurs to step out on their own. Mr van Aardenne recently said that the number of new companies started each year has escalated to about 15,000 (2,000 of them industrial) from 12,000 a year in 1980.

LAURA RAUN